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FORM 10-K

ROYAL CARIBBEAN CRUISES LTD - RCL

Filed: February 22, 2019 (period: December 31, 2018)

Annual report with a comprehensive overview of the company

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

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: 1-11884

ROYAL CARIBBEAN CRUISES LTD.

(Exact name of registrant as specified in its charter)

Republic of Liberia
(State or other jurisdiction of
incorporation or organization)

98-0081645
(I.R.S. Employer Identification No.)

1050 Caribbean Way, Miami, Florida 33132

(Address of principal executive offices) (zip code)

(305) 539-6000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Name of each exchange on which registered</u> |
|---|--|
| Common Stock, par value \$.01 per share | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's common stock at June 30, 2018 (based upon the closing sale price of the common stock on the New York Stock Exchange on June 29, 2018) held by those persons deemed by the registrant to be non-affiliates was approximately \$18.5 billion. Shares of the registrant's common stock held by each executive officer and director and by each entity or person that, to the registrant's knowledge, owned 10% or more of the registrant's outstanding common stock as of June 30, 2018 have been excluded from this number in that these persons may be deemed affiliates of the registrant. This determination of possible affiliate status is not necessarily a conclusive determination for other purposes.

There were 209,186,598 shares of common stock outstanding as of February 14, 2019.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement relating to its 2019 Annual Meeting of Shareholders are incorporated by reference in Part III, Items 10-14 of this Annual Report on Form 10-K as indicated herein.

ROYAL CARIBBEAN CRUISES LTD.

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PART I

As used in this Annual Report on Form 10-K, the terms “Royal Caribbean,” the “Company,” “we,” “our” and “us” refer to Royal Caribbean Cruises Ltd. and, depending on the context, Royal Caribbean Cruises Ltd.’s consolidated subsidiaries and/or affiliates. The terms “Royal Caribbean International,” “Celebrity Cruises,” “Azamara Club Cruises” and “Silversea Cruises” refer to our wholly- or majority-owned global cruise brands. Throughout this Annual Report on Form 10-K, we also refer to regional brands in which we hold an ownership interest, including “TUI Cruises,” “Pullmantur” and “SkySea Cruises.” However, because these regional brands are unconsolidated investments, our operating results and other disclosures herein do not include these brands unless otherwise specified. In accordance with cruise vacation industry practice, the term “berths” is determined based on double occupancy per cabin even though many cabins can accommodate three or more passengers.

This Annual Report on Form 10-K also includes trademarks, trade names and service marks of other companies. Use or display by us of other parties’ trademarks, trade names or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship of us by, these other parties other than as described herein.

Item 1. Business.

General

We are the world’s second largest cruise company. We control and operate four global cruise brands: Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises and, most recently, Silversea Cruises (collectively, our "Global Brands"). We also own a 50% joint venture interest in the German brand TUI Cruises and a 49% interest in the Spanish brand Pullmantur (collectively, our "Partner Brands"). Together, our Global Brands and our Partner Brands operate a combined total of 60 ships in the cruise vacation industry with an aggregate capacity of approximately 135,520 berths as of December 31, 2018.

Our ships operate on a selection of worldwide itineraries that call on more than 1,000 destinations on all seven continents. In addition to our headquarters in Miami, Florida, we have offices and a network of international representatives around the world, which primarily focus on sales and market development.

We compete principally by operating valued brands that offer exceptional service provided by our crew and on the basis of innovation and quality of ships, variety of itineraries, choice of destinations and price. We believe that our commitment to build state-of-the-art ships and to invest in the maintenance and upgrade of our fleet to, among other things, incorporate many of our latest signature innovations, allows us to continue to attract new and loyal repeat guests.

We believe cruising continues to be a popular vacation choice due to its inherent value, extensive itineraries and variety of shipboard and shoreside activities. In addition, we believe our brands are well-positioned globally and possess the ability to attract a wide range of guests by appealing to multiple customer bases allowing our global sourcing to be well diversified.

Royal Caribbean was founded in 1968 as a partnership. Its corporate structure has evolved over the years and, the current parent corporation, Royal Caribbean Cruises Ltd., was incorporated on July 23, 1985 in the Republic of Liberia under the Business Corporation Act of Liberia.

Our Global Brands

Our Global Brands include Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises and Silversea Cruises.

We believe our Global Brands possess the versatility to enter multiple cruise market segments within the cruise vacation industry. Although each of our Global Brands has its own marketing style, as well as ships and crews of various sizes, the nature of the products sold and services delivered by our Global Brands share a common base (i.e., the sale and provision of cruise vacations). Our Global Brands also have similar itineraries as well as similar cost and revenue components. In addition, our Global Brands source passengers from similar markets around the world and operate in similar economic environments with a significant degree of commercial overlap. As a result, we strategically manage our Global Brands as a single business with the ultimate objective of maximizing long-term shareholder value.

Royal Caribbean International

Royal Caribbean International is positioned to compete in both the contemporary and premium segments of the cruise vacation industry. The brand appeals to families with children of all ages, as well as both older and younger couples, providing cruises that generally feature a casual ambiance, as well as a variety of activities and entertainment venues. We believe that the quality of the Royal Caribbean International brand allows it to achieve market coverage that is among the broadest of any of the major cruise brands in the cruise vacation industry. Royal Caribbean International's strategy is to attract an array of vacationing guests by providing a wide variety of itineraries to destinations worldwide, including Alaska, Asia, Australia, Bahamas, Bermuda, Canada, the Caribbean, Europe, the Panama Canal and New Zealand, with cruise lengths ranging from two to 23 nights. Royal Caribbean International offers multiple innovative options for onboard dining, entertainment and other onboard activities. Because of the brand's ability to deliver extensive and innovative product offerings at an excellent value to consumers, we believe Royal Caribbean International is well positioned to attract new consumers to cruising and to continue to bring loyal repeat guests back for their next vacation.

Royal Caribbean International operates 25 ships with an aggregate capacity of approximately 82,500 berths, including the brand's newest ship, *Symphony of the Seas*, which entered service in March 2018. Additionally, as of December 31, 2018, we have five ships on order with an aggregate capacity of approximately 25,300 berths. These ships consist of our fourth and fifth Quantum-class ships, which are scheduled to enter service in the second quarter of 2019 and fourth quarter of 2020, respectively, our fifth Oasis-class ship, which is scheduled to enter service in the second quarter of 2021, and the first two ships of a new generation, known as our Icon-class, which are expected to enter service in 2022 and 2024, respectively.

Celebrity Cruises

Celebrity Cruises is positioned within the premium segment of the cruise vacation industry. Celebrity Cruises' strategy is to target affluent consumers by delivering a destination-rich, modern luxury experience on upscale ships that offer, among other things, luxurious accommodations, refined design-forward spaces, high-standard service and fine dining. Celebrity Cruises offers a range of itineraries to destinations, including Alaska, Asia, Australia, Bermuda, Canada, the Caribbean, Europe, the Galapagos Islands, Hawaii, India, New Zealand, the Panama Canal and South America, with cruise lengths ranging from two to 19 nights.

Celebrity Cruises operates 13 ships with an aggregate capacity of approximately 26,070 berths, including the brand's first Edge-class ship, *Celebrity Edge*, which entered service in December 2018. Additionally, as of December 31, 2018, we have four ships on order with an aggregate capacity of approximately 9,400 berths. These ships consist of three Edge-class ships, which are expected to enter service in the second quarter of 2020 and the fourth quarters of 2021 and 2022, respectively, and a ship designed for the Galapagos Islands, which is expected to enter service in the second quarter of 2019.

Azamara Club Cruises

Azamara Club Cruises is designed to serve the up-market segment of the North American, United Kingdom and Australian markets. The up-market segment incorporates elements of the premium segment and the luxury segment, which is generally characterized by smaller ships, high standards of accommodation and service and exotic itineraries. Azamara Club Cruises' strategy is to deliver distinctive destination experiences through unique itineraries with more overnights and longer stays as well as comprehensive tours allowing guests to experience the destination in more depth. Azamara Club Cruises offers a variety of itineraries to popular destinations, including Asia, Australia/New Zealand, Northern and Western Europe, the Mediterranean, Cuba and South America with cruise lengths ranging from four to 21 nights.

Azamara Club Cruises operates three ships with an aggregate capacity of approximately 2,100 berths, including *Azamara Pursuit*, which entered service during the third quarter of 2018.

Silversea Cruises

On July 31, 2018, we acquired a 66.7% equity stake in Silversea Cruise Holding Ltd. ("Silversea Cruises"), an ultra-luxury and expedition cruise line. Refer to Note 3. *Business Combinations* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information on the Silversea Cruises acquisition.

Silversea Cruises, formed in the early 1990's, is positioned as a luxury cruise line with smaller ships, high standards of accommodations, fine dining, personalized service and exotic itineraries. Silversea Cruises delivers distinctive destination experiences by visiting unique and remote destinations, including the Galapagos Islands, Antarctica and the Arctic.

Silversea Cruises operates nine ships, with an aggregate capacity of approximately 2,650 berths offering cruise itineraries generally ranging from six to 25 nights. As of December 31, 2018, Silversea Cruises has three ships on order with an aggregate capacity of approximately 1,200 berths, which are scheduled for delivery in the first and third quarter of 2020 and the third quarter of 2021, respectively. Additionally, Silversea Cruises signed a memorandum of understanding with Meyer Werft to build two ships of a new generation, which are expected to enter service in 2022 and 2023, respectively. The memorandum of understanding with Meyer Werft is contingent upon completion of final documentation and financing, which are expected to be completed in the first quarter of 2019.

Our Partner Brands

Our Global Brands are complemented by our 50% joint venture interest in TUI Cruises, which is specifically tailored for the German market and our 49% interest in the Spanish brand Pullmantur, which is primarily focused on the Spanish and Latin American cruise markets. We account for our investments in our Partner Brands under the equity method of accounting and, accordingly, the operating results of these Partner Brands are not included in our consolidated results of operations. Refer to Note 1. *General* and Note 8. *Other Assets* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further details.

TUI Cruises

TUI Cruises is a joint venture owned 50% by us and 50% by TUI AG, a German tourism company, which is designed to serve the contemporary and premium segments of the German cruise market by offering a product tailored for German guests. All onboard activities, services, shore excursions and menu offerings are designed to suit the preferences of this target market.

TUI Cruises operates six ships, with an aggregate capacity of approximately 14,750 berths as of December 31, 2018. Additionally, TUI Cruises has four ships on order with an aggregate capacity of approximately 13,900 berths, of which one ship was delivered in January 2019 and the remaining ships on order are scheduled for delivery in the second quarter of 2023, the third quarter of 2024 and the first quarter of 2026, respectively.

Pullmantur

The Pullmantur brand is a joint venture owned 49% by us and 51% by Cruises Investment Holdings S.A.R.L., an affiliate of Springwater Capital LLC. Pullmantur operates in the contemporary segment of the Spanish and Latin American cruise markets and is designed to attract Spanish-speaking families and couples and includes Spanish-speaking crew, as well as tailored food and entertainment options. The four ships operated by Pullmantur have an aggregate capacity of approximately 7,450 berths.

SkySea Cruises

In March 2018, we and Ctrip.com International Ltd. announced the decision to end the Skysea Holding International Ltd. ("Skysea Holding") venture in which we have a 36% ownership interest. In September 2018, Skysea Holding ceased cruising operations and in December 2018, the *Golden Era*, the ship operated by Skysea Cruises, and owned by the wholly-owned subsidiary of Skysea Holding, was sold to an affiliate of TUI AG, our joint venture partner in TUI Cruises.

Industry

Cruising is considered a well-established vacation sector in the North American and European markets and a developing sector in several other emerging markets. Industry data indicates that market penetration rates are still low and that a significant portion of cruise guests carried are first-time cruisers. We believe this presents an opportunity for long-term growth and a potential for increased profitability.

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The following table details industry market penetration rates for North America, Europe and Asia/Pacific computed based on the number of annual cruise guests as a percentage of the total population:

| Year | North America ⁽¹⁾⁽²⁾ | Europe ⁽¹⁾⁽³⁾ | Asia/Pacific ⁽¹⁾⁽⁴⁾ |
|------|---------------------------------|--------------------------|--------------------------------|
| 2014 | 3.46% | 1.23% | 0.06% |
| 2015 | 3.36% | 1.25% | 0.08% |
| 2016 | 3.43% | 1.23% | 0.11% |
| 2017 | 3.56% | 1.28% | 0.15% |
| 2018 | 3.59% | 1.31% | 0.19% |

(1) Source: Our estimates are based on a combination of data obtained from publicly available sources including the International Monetary Fund, United Nations, Department of Economic and Social Affairs, Cruise Lines International Association ("CLIA") and G.P. Wild. In addition, our estimates incorporate our own analysis utilizing the same publicly available cruise industry data as a base.

(2) Our estimates include the United States and Canada.

(3) Our estimates include European countries relevant to the industry (most notably: the Nordics, Germany, France, Italy, Spain and the United Kingdom).

(4) Our estimates include the Southeast Asia (most notably: Singapore, Thailand and the Philippines), East Asia (most notably: China and Japan), South Asia (most notably: India and Pakistan) and Oceania (most notably: Australia and Fiji Islands) regions.

We estimate that the global cruise fleet was served by a weighted average of approximately 546,000 berths during 2018 with approximately 323 ships at the end of 2018. As of December 31, 2018, there were approximately 89 ships with an estimated 198,000 berths that are expected to be placed in service in the global cruise market between 2019 and 2023, although it is also possible that ships could be ordered or taken out of service during these periods. We estimate that the global cruise industry carried approximately 28.0 million cruise guests in 2018 compared to approximately 26.7 million cruise guests carried in 2017 and approximately 24.0 million cruise guests carried in 2016.

The following table details the growth in global weighted average berths and the global, North American, European and Asia/Pacific cruise guests over the past five years (in thousands, except berth data):

| Year | Weighted-Average Supply of Berths Marketed Globally ⁽¹⁾ | Royal Caribbean Cruises Ltd. Total Berths ⁽²⁾ | Global Cruise Guests ⁽¹⁾ | North American Cruise Guests ⁽¹⁾⁽³⁾ | European Cruise Guests ⁽¹⁾⁽⁴⁾ | Asia/Pacific Cruise Guests ⁽¹⁾⁽⁵⁾ |
|------|--|--|-------------------------------------|--|--|--|
| 2014 | 448,000 | 105,750 | 22,039 | 12,269 | 6,387 | 2,382 |
| 2015 | 469,000 | 112,700 | 23,000 | 12,004 | 6,587 | 3,129 |
| 2016 | 493,000 | 123,270 | 24,000 | 12,274 | 6,512 | 4,466 |
| 2017 | 515,000 | 124,070 | 26,700 | 12,865 | 6,779 | 5,415 |
| 2018 | 546,000 | 135,520 | 28,000 | 13,054 | 6,986 | 7,006 |

(1) Source: Our estimates of the number of global cruise guests and the weighted-average supply of berths marketed globally are based on a combination of data that we obtain from various publicly available cruise industry trade information sources. We use data obtained from Seatrade Insider, Cruise Industry News and company press releases to estimate weighted-average supply of berths and CLIA and G.P. Wild to estimate cruise guest information. In addition, our estimates incorporate our own analysis utilizing the same publicly available cruise industry data as a base.

(2) Total berths include our berths related to our Global Brands and Partner Brands.

(3) Our estimates include the United States and Canada.

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- (4) Our estimates include European countries relevant to the industry (most notably: the Nordics, Germany, France, Italy, Spain and the United Kingdom).
- (5) Our estimates include the Southeast Asia (most notably: Singapore, Thailand and the Philippines), East Asia (most notably: China and Japan), South Asia (most notably: India and Pakistan) and Oceania (most notably: Australia and Fiji Islands) regions.

North America

Industry cruise guests are primarily sourced from North America, which represented approximately 47% of global cruise guests in 2018. The compound annual growth rate in cruise guests sourced from this market was approximately 2% from 2014 to 2018.

Europe

Industry cruise guests sourced from Europe represented approximately 25% of global cruise guests in 2018. The compound annual growth rate in cruise guests sourced from this market was approximately 2% from 2014 to 2018.

Asia/Pacific

Industry cruise guests sourced from the Asia/Pacific region represented approximately 25% of global cruise guests in 2018. The compound annual growth rate in cruise guests sourced from this market was approximately 31% from 2014 to 2018. The Asia/Pacific region is experiencing the highest growth rate of the major regions, although it represents a relatively small sector compared to North America.

Competition

We compete with a number of cruise lines. Our principal competitors are Carnival Corporation & plc, which owns, among others, Aida Cruises, Carnival Cruise Line, Costa Cruises, Cunard Line, Holland America Line, P&O Cruises, Princess Cruises and Seabourn; Disney Cruise Line; MSC Cruises; and Norwegian Cruise Line Holdings Ltd, which owns Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises. Cruise lines also compete with other vacation alternatives such as land-based resort hotels, Internet-based alternative lodging sites and sightseeing destinations for consumers' leisure time. Interest for such activities is influenced by political and general economic conditions. Companies within the vacation market are dependent on consumer discretionary spending.

Operating Strategies

Our principal operating strategies are to:

- protect the health, safety and security of our guests and employees,
- protect the environment in which our vessels and organization operate,
- strengthen and support our human capital in order to better serve our global guest base and grow our business,
- strengthen our consumer engagement in order to enhance our revenues,
- increase the awareness and market penetration of our brands globally,
- focus on cost efficiency, manage our operating expenditures and ensure adequate cash and liquidity, with the overall goal of maximizing our return on invested capital and long-term shareholder value,
- strategically invest in our fleet through the upgrade and maintenance of existing ships and the transfer of key innovations, while prudently expanding our fleet with new state-of-the-art cruise ships,
- capitalize on the portability and flexibility of our ships by deploying them into those markets and itineraries that provide opportunities to optimize returns, while continuing our focus on existing key markets,
- further enhance our technological capabilities to service customer preferences and expectations in an innovative manner, while supporting our strategic focus on profitability, and
- maintain strong relationships with travel agencies, which continue to be the principal industry distribution channel, while enhancing our consumer outreach programs.

Safety, environment and health policies

We are committed to protecting the health, safety and security of our guests, employees and others working on our behalf. We are also focused on the environmental health of the marine environment and communities in which we operate. Our efforts in these areas are guided by a Maritime Advisory Board of experts, overseen by the Safety, Environment and Health Committee of our board of directors and managed by our dedicated Safety, Environment and Health Department, which is responsible for all of our maritime safety, global security, environmental stewardship and medical/public health activities.

We believe in transparent reporting on our safety, environment and health performance, as well as our corporate responsibility efforts, and annually publish a Sustainability Report. This report, which is accessible on our corporate website, highlights our progress with regards to those environmental and social aspects of our business that we believe are most significant to our organization and stakeholders. In addition to providing an overview, the report complies with the guidelines of the Global Reporting Initiative to ensure the report is as complete and accurate as possible. Our corporate website also provides information about our sustainability initiatives, environmental performance goals and our voluntary reporting of onboard security incidents. The foregoing information contained on our website is not a part of any of these reports and is not incorporated by reference herein or in any other report or document we file with the Securities and Exchange Commission.

Human capital

We believe that our employees, both shipboard and shoreside, are a critical success factor for our business. We strive to identify, hire, develop, motivate and retain the best employees, who provide our guests with extraordinary vacations. Attracting, engaging, and retaining key employees has been and will remain critical to our success.

We focus on providing our employees with a competitive compensation structure and development and other personal and professional growth opportunities in order to strengthen and support our human capital. We also select, develop and have strategies to retain high performing leaders to advance the enterprise now and in the future. To that end, we pay special attention to identifying high performing potential leaders and developing bench strength so these leaders can assume leadership roles throughout the organization. We strive to maintain a work environment that reinforces collaboration, motivation and innovation, and believe that maintaining a strong employee-focused culture is beneficial to the growth and expansion of our business.

Consumer engagement

We place a strong focus on identifying the needs of our guests and creating product features and innovations that our customers value. We are focused on targeting high-value guests by better understanding consumer data and insights to create communication strategies that resonate with our target audiences.

We target customers across all touch points and identify underlying needs for which guests are willing to pay a premium. We rely on various programs and technologies during the cruise-planning, cruising and after-cruise periods aimed at increasing ticket prices, onboard revenues and occupancy. We have and continue to strategically invest in onboard projects on our ships that we believe drive marketability, profitability and improve the guest experience.

Global awareness and market penetration

We increase brand awareness and market penetration of our cruise brands in various ways, including the use of communication strategies and marketing campaigns designed to emphasize the qualities of each brand and to broaden the awareness of the brand, especially among target groups. Our marketing strategies include the use of travel agencies, traditional media, mobile and digital media as well as social media, influencers and brand websites. Our brands engage past and potential guests by collaborating with travel partners and through call centers, international offices and international representatives. In addition, our Global Brands target repeat guests with exclusive benefits offered through their respective loyalty programs.

We sell and market our Global Brands, Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises and Silversea Cruises, to guests outside of the United States and Canada through our commercial teams located in Europe, Asia, Australia, New Zealand and Mexico. We believe that having a local presence in these markets provides us with the ability to react more quickly to local market conditions and better understand our consumer base in each market. We further extend our geographic reach with a network of approximately 76 independent international

representatives located throughout the world covering more than 180 countries. Historically, our focus has been to primarily source guests for our Global Brands from North America. We continue to expand our focus on selling and marketing our cruise brands to guests in countries outside of North America by tailoring itineraries and onboard product offerings to the cultural characteristics and preferences of our international guests. In addition, we explore opportunities that may arise to acquire or develop brands tailored to specific markets.

Passenger ticket revenues generated by sales originating in countries outside of the United States were approximately 39% of total passenger ticket revenues in 2018, 41% in 2017 and 45% in 2016. International guests have grown from approximately 2.2 million in 2014 to approximately 2.3 million in 2018. Refer to Item 1A. *Risk Factors* - "Conducting business globally may result in increased costs and other risks" for a discussion of the risks associated with our international operations.

Cost efficiency, operating expenditures and adequate cash and liquidity

We have adopted a number of strategies to control our operating costs and will continue to do so in 2019. For example, we have adopted numerous initiatives to reduce energy consumption and, by extension, fuel costs. These include the design of more energy-efficient ships as well as the implementation of more efficient hardware, including improvements in operations and voyage planning as well as improvements to the propulsion, machinery, HVAC and lighting systems. The overall impact of these efforts has resulted in an approximate 30% improvement in energy efficiency from 2005 through 2018 and we believe that our energy consumption per guest is currently the lowest in the cruise industry. In order to sustain our competitive advantage, we will continue to seek to lead with innovative technologies and commit to achieve our short and long-term sustainability goals.

We are focused on maintaining a strong liquidity position, investment grade credit metrics and a balanced debt maturity profile. We believe these strategies enhance our ability to achieve our overall goal of maximizing our long-term shareholder value.

Fleet upgrade, maintenance and expansion

We place a strong focus on innovation, which we seek to achieve by introducing new concepts on our new ships and continuously making improvements to our fleet through modernization projects. Several of these innovations have become signature elements of our brands. For the Royal Caribbean International brand, we introduced the "Royal Promenade" (a boulevard with shopping, dining and entertainment venues) and, more recently, interior balconies on the Oasis class ships and a two-level family suite on *Symphony of the Seas*. For the Celebrity Cruises brand, we enhanced many of the brand's design features through the introduction of the Solstice class ships. More recently, with the introduction of *Celebrity Edge*, the first ship of a new generation of ships, we introduced the "Magic Carpet" (a cantilevered, floating platform that reaches a height of 13 stories above sea level and can serve as a dining venue, full bar and platform for live music) and newly designed staterooms with an "Infinite Veranda" where, with the touch of a button, the entire living space becomes the veranda.

In 2018, the Royal Caribbean International and Celebrity Cruises brands announced the "Royal Amplified" and "Celebrity Revolution" modernization programs to upgrade vessels across their fleet. As part of these modernization programs, we incorporate certain innovations included in our newer ships to some of the ships in the remaining fleet. The process of integrating some of our latest innovations into our older vessels allows us to create a greater level of consistency of product across our fleet.

As part of the newbuild and modernization programs, we also seek to bring innovations in the areas of safety, reliability and energy efficiency to our fleet.

We are committed to building state-of-the-art ships at a moderate growth rate and we believe our success in this area provides us with a competitive advantage. Our newer vessels traditionally generate higher revenue yield premiums and are more efficient to operate than older vessels.

As of December 31, 2018, our Global Brands and Partner Brands have 16 ships on order. Refer to the *Operations* section below for further information on our ships on order.

In addition, we regularly evaluate opportunities to order new ships, purchase existing ships or sell ships in our current fleet. In the current environment of high industry demand, we recently have placed new ship orders earlier than we have historically done as well as more aggressively sought to sell older capacity.

Markets and itineraries

In an effort to penetrate untapped markets, diversify our consumer base and respond to changing economic and geopolitical market conditions, we continue to seek opportunities to deploy ships to new and stronger markets and itineraries throughout the world. The portability of our ships allows us to deploy our ships to meet demand within our existing cruise markets. We make deployment decisions generally 12 to 18 months in advance, with the goal of optimizing the overall profitability of our portfolio. Additionally, the infrastructure investments we have made to create a flexible global sourcing model have made our brands relevant in a number of markets around the world, which allows us to be opportunistic and source the highest yielding guests for our itineraries.

Our ships offer a wide selection of itineraries that call on more than 1,000 destinations in 126 countries, spanning all seven continents. We are focused on obtaining the best possible long-term shareholder returns by operating in established markets while growing our presence in developing markets. New capacity allows us to expand into new markets and itineraries. Our brands have expanded their mix of itineraries while strengthening our ability to further penetrate the Asian and Australian markets. The recent acquisition of Silversea Cruises adds more than 500 new destinations allowing us to expand and enhance our selection of exotic itineraries. Additionally, in order to provide unique destination experiences to our guests, we are investing in our private land destinations. For instance, in 2018, we announced *Perfect Day Island Collection*, an initiative to develop a series of private island destinations around the world. The first in the collection, *Perfect Day* at CocoCay, is scheduled to open in Spring 2019 and will include a wide range of attractions, such as a water park, zip line, wave and freshwater pools and overwater cabanas, to deliver a unique family experience.

Also, in order to capitalize on the summer season in the Southern Hemisphere and mitigate the impact of the winter weather in the Northern Hemisphere, our brands have focused on deployment in the Caribbean, Asia and Australia during that period.

In an effort to secure desirable berthing facilities for our ships, and to provide new or enhanced cruise destinations for our guests, we actively assist or invest in the development or enhancement of certain port facilities and infrastructure, including mixed-use commercial properties, located in strategic ports of call. For instance, in late 2018, a new cruise terminal of approximately 170,000 square feet was completed at PortMiami in Miami, Florida, serving as one of our homeports. Generally, we collaborate with local, private or governmental entities by providing management and/or financial assistance and often enter into long-term port usage arrangements. Our participation in these efforts is generally accomplished via investments with the relevant government authority and/or various other strategic partnerships established to develop and/or operate the port facilities, by providing direct development and management expertise or in certain limited circumstances, by providing direct or indirect financial support. In exchange for our involvement, we generally secure preferential berthing rights for our ships.

Technological capabilities

The need to develop and use innovative technology is increasingly important. Technology is a pervasive part of virtually every business process we use to support our strategic focus and provide a quality experience to our customers before, during and after their cruise.

In the past year, we have digitalized the guest journey from port check-in and onboard purchases to digital stateroom features. As the use of our various websites, mobile and social media platforms continue to increase both on shore and shipboard by both our guests and crew, we continually invest in our systems, infrastructure and technologies to facilitate this growth. For instance, in 2018, we continued to advance our onboard technology in areas such as Internet connectivity at sea, stateroom automation and guest-to-guest chat.

Additionally, we continue to invest in our distribution channels to ensure the best go-to-market approach, whether through travel partners or direct to customer. Commensurate with our destination strategy, we intend to invest in technology to service our guests seamlessly as they transition from ship to our private destinations to enjoy Internet connectivity or local activities.

Cyber security and data privacy are a continued focus, and we have made and will continue to make investments to protect our customer data, intellectual property and global operations.

Travel agency support and consumer outreach

Travel agencies continue to be the primary source of ticket sales for our ships. We believe in the value of this distribution channel and invest in maintaining strong relationships with our travel partners. To accomplish this goal, we seek to ensure that our commission rates and incentive structures remain competitive with the marketplace. We provide brand dedicated sales representatives who serve as advisors to our travel partners. We also provide trained customer service representatives, call centers and online training tools.

In addition, we continue to operate our Consumer Outreach department, which provides consumers 24-hour access to our vacation planners and customer service agents in our call centers. In addition, we maintain and invest in our websites, including mobile applications and mobile websites, which allow guests to directly plan, book and customize their cruise, including the ability to add a variety of onboard amenities. We enable our guests to communicate and book with us through various channels such as phone, web, chat, text message, and/or email.

We also have a robust Onboard Cruise Sales department to help guests to book their next cruise vacations while onboard our ships.

Guest Services

We offer to handle virtually all travel aspects related to guest reservations and transportation, including arranging guest pre- and post-hotel stay arrangements and air transportation.

Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises and Silversea Cruises offer rewards to their guests through their loyalty programs, Crown & Anchor Society, Captain's Club, Le Club Voyage and Venetian Society, respectively, to encourage repeat business. Crown & Anchor Society has approximately 13 million members worldwide. Captain's Club, Le Club Voyage and Venetian Society have approximately 4.5 million members combined worldwide. Members are recognized through increasing membership status by accumulating cruise points or credits, depending on the brand, which may be redeemed on future sailings. Members are awarded points or credits in proportion to the number of cruise days and stateroom category. The loyalty programs provide tiers of membership benefits which entitle guests to upgraded experiences and rewards relative to the status achieved once the guests have accumulated the number of cruise points or credits specified for each tier. In addition, upon achieving a certain level of cruise points or credits, members benefit from reciprocal membership benefits across all of our loyalty programs. Examples of the rewards available under our loyalty programs include, but are not limited to, priority ship embarkation, priority waitlist for shore excursions, complimentary laundry service, complimentary Internet, booklets with onboard discount offers, upgraded bathroom amenities, private seating on the pool deck, ship tours and, in the case of our most loyal guests who have achieved the highest levels of cruise points or credits, complimentary cruise days. We regularly work to enhance each of our loyalty programs by adding new features and amenities in order to reward our repeat guests.

Operations

Cruise Ships and Itineraries

As of December 31, 2018, our Global Brands and Partner Brands collectively operated 60 ships with a selection of worldwide itineraries that call on more than 1,000 destinations.

The following table presents summary information concerning the ships we expect to operate in 2019 under our Global Brands and Partner Brands and their geographic areas of operation based on current 2019 itineraries (subject to change).

| Ship | Year Ship Built | Year Ship Entered/Will Enter Service⁽¹⁾ | Approximate Berths | Primary Areas of Operation |
|--------------------------------------|------------------------|---|---------------------------|---|
| Royal Caribbean International | | | | |
| <i>Spectrum of the Seas</i> | 2019 | 2019 | 4,250 | Eastern Asia |
| <i>Symphony of the Seas</i> | 2018 | 2018 | 5,500 | Eastern/Western Caribbean |
| <i>Harmony of the Seas</i> | 2016 | 2016 | 5,450 | Eastern/Western Caribbean |
| <i>Ovation of the Seas</i> | 2016 | 2016 | 4,100 | Australia, Alaska |
| <i>Anthem of the Seas</i> | 2015 | 2015 | 4,150 | Southern Caribbean, Bahamas, Bermuda, Canada |
| <i>Quantum of the Seas</i> | 2014 | 2014 | 4,150 | Eastern Asia |
| <i>Allure of the Seas</i> | 2010 | 2010 | 5,450 | Eastern/Western Caribbean |
| <i>Oasis of the Seas</i> | 2009 | 2009 | 5,450 | Eastern/Western Caribbean, Europe |
| <i>Independence of the Seas</i> | 2008 | 2008 | 3,850 | Western Caribbean, Europe |
| <i>Liberty of the Seas</i> | 2007 | 2007 | 3,750 | Western Caribbean |
| <i>Freedom of the Seas</i> | 2006 | 2006 | 3,750 | Southern Caribbean |
| <i>Jewel of the Seas</i> | 2004 | 2004 | 2,150 | Western/Southern Caribbean, Europe, Middle East |
| <i>Mariner of the Seas</i> | 2003 | 2003 | 3,300 | Bahamas |
| <i>Serenade of the Seas</i> | 2003 | 2003 | 2,100 | Eastern/Southern Caribbean, Bermuda, Canada |
| <i>Navigator of the Seas</i> | 2002 | 2002 | 3,250 | Western/Southern Caribbean, Bahamas |
| <i>Brilliance of the Seas</i> | 2002 | 2002 | 2,100 | Western Caribbean, Europe |
| <i>Adventure of the Seas</i> | 2001 | 2001 | 3,300 | Eastern/Western Caribbean, Bahamas, Canada |
| <i>Radiance of the Seas</i> | 2001 | 2001 | 2,100 | Australia, Alaska |
| <i>Explorer of the Seas</i> | 2000 | 2000 | 3,250 | Australia, Europe, Western/Southern Caribbean |
| <i>Voyager of the Seas</i> | 1999 | 1999 | 3,250 | Eastern Asia, Australia |
| <i>Vision of the Seas</i> | 1998 | 1998 | 2,000 | Western/Southern Caribbean, Europe |
| <i>Enchantment of the Seas</i> | 1997 | 1997 | 2,250 | Western Caribbean |
| <i>Rhapsody of the Seas</i> | 1997 | 1997 | 2,000 | Western Caribbean, Europe |
| <i>Grandeur of the Seas</i> | 1996 | 1996 | 1,950 | Bahamas, Southern Caribbean, Bermuda, Canada |
| <i>Majesty of the Seas</i> | 1992 | 1992 | 2,350 | Western Caribbean, Cuba |
| <i>Empress of the Seas</i> | 1990 | 2016 | 1,550 | Cuba |
| Celebrity Cruises | | | | |
| <i>Celebrity Flora</i> | 2019 | 2019 | 100 | Galapagos Islands |
| <i>Celebrity Edge</i> | 2018 | 2018 | 2,900 | Eastern/Western Caribbean, Europe |
| <i>Celebrity Reflection</i> | 2012 | 2012 | 3,000 | Southern Caribbean, Europe |

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| Ship | Year Ship Built | Year Ship Entered/Will Enter Service⁽¹⁾ | Approximate Berths | Primary Areas of Operation |
|-------------------------------------|------------------------|---|---------------------------|---|
| <i>Celebrity Silhouette</i> | 2011 | 2011 | 2,850 | Southern Caribbean, Europe |
| <i>Celebrity Eclipse</i> | 2010 | 2010 | 2,850 | South America, Alaska |
| <i>Celebrity Equinox</i> | 2009 | 2009 | 2,850 | Eastern/Western Caribbean |
| <i>Celebrity Solstice</i> | 2008 | 2008 | 2,850 | Australia, Alaska |
| <i>Celebrity Xploration</i> | 2007 | 2016 | 20 | Galapagos Islands |
| <i>Celebrity Constellation</i> | 2002 | 2002 | 2,150 | Middle East, India, Europe |
| <i>Celebrity Summit</i> | 2001 | 2001 | 2,150 | Southern Caribbean, Bermuda, Canada |
| <i>Celebrity Infinity</i> | 2001 | 2001 | 2,150 | Western Caribbean, Bahamas, Europe |
| <i>Celebrity Xpedition</i> | 2001 | 2004 | 100 | Galapagos Islands |
| <i>Celebrity Millennium</i> | 2000 | 2000 | 2,150 | Eastern Asia, Alaska |
| <i>Celebrity Xperience</i> | 1982 | 2016 | 50 | Galapagos Islands |
| Azamara Club Cruises | | | | |
| <i>Azamara Pursuit</i> | 2001 | 2018 | 700 | South America, Europe |
| <i>Azamara Quest</i> | 2000 | 2007 | 700 | Australia, Asia, Alaska |
| <i>Azamara Journey</i> | 2000 | 2007 | 700 | Cuba, Europe |
| Silversea Cruises | | | | |
| <i>Muse</i> | 2017 | 2017 | 550 | Australia, Asia, Alaska |
| <i>Spirit</i> | 2009 | 2009 | 600 | Southern Caribbean, Europe, Asia |
| <i>Whisper</i> | 2001 | 2001 | 350 | Southern Caribbean, Europe |
| <i>Shadow</i> | 2000 | 2000 | 350 | Asia, Europe, Southern Caribbean |
| <i>Wind</i> | 1995 | 1995 | 250 | Southern Caribbean, Europe, Canada |
| <i>Cloud</i> | 1994 | 1994 | 250 | South America, Europe |
| <i>Galapagos</i> | 1990 | 2013 | 100 | Galapagos Islands |
| <i>Discoverer</i> | 1989 | 2014 | 100 | Africa, Australia, Asia |
| <i>Explorer</i> | 1989 | 2008 | 100 | South America, Europe |
| Pullmantur | | | | |
| <i>Zenith</i> | 1992 | 2014 | 1,400 | Europe |
| <i>Monarch</i> | 1991 | 2013 | 2,350 | Southern Caribbean |
| <i>Horizon</i> | 1990 | 2010 | 1,400 | Middle East, Europe |
| <i>Sovereign</i> | 1988 | 2008 | 2,300 | South America, Europe |
| TUI Cruises | | | | |
| <i>Mein Schiff 2</i> ⁽²⁾ | 2019 | 2019 | 2,850 | Europe, Southern Caribbean |
| <i>Mein Schiff 1</i> ⁽³⁾ | 2018 | 2018 | 2,850 | Europe, Canada, Western Caribbean |
| <i>Mein Schiff 6</i> | 2017 | 2017 | 2,500 | Western Caribbean, Europe, Asia |
| <i>Mein Schiff 5</i> | 2016 | 2016 | 2,500 | Southern Caribbean, Europe, Middle East |
| <i>Mein Schiff 4</i> | 2015 | 2015 | 2,500 | Middle East, Europe |
| <i>Mein Schiff 3</i> | 2014 | 2014 | 2,500 | Asia, Europe |
| <i>Mein Schiff Herz</i> | 1997 | 2011 | 1,900 | Europe |
| Total | | | 142,720 | |

(1) The year a ship entered service refers to the year in which the ship commenced or is expected to commence cruise revenue operations for the brand.

(2) TUI Cruises' newbuild entered service as *Mein Schiff 2* in February 2019 and the existing *Mein Schiff 2* was renamed *Mein Schiff Herz*.

(3) TUI Cruises' newbuild entered service as *Mein Schiff 1* and the existing *Mein Schiff 1*, not included above, was transferred to an affiliate of TUI AG, our joint venture partner in TUI Cruises.

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As of December 31, 2018, our Global Brands and our Partner Brands have 16 ships on order. Two ships on order are being built in Germany by Meyer Werft GmbH, four are being built in Finland by Meyer Turku shipyard, four are being built in France by Chantiers de l'Atlantique (formerly known as STX France), four are being built in Italy by Fincantieri and two are being built in the Netherlands by De Hoop Lobith. As of December 31, 2018, the expected dates that the ships on order will enter service and their approximate berths are as follows:

| Ship | Expected to Enter Service | Approximate Berths |
|-------------------------------------|---------------------------|--------------------|
| Royal Caribbean International — | | |
| Oasis-class: | | |
| <i>Unnamed</i> | 2nd Quarter 2021 | 5,500 |
| Quantum-class: | | |
| <i>Spectrum of the Seas</i> | 2nd Quarter 2019 | 4,250 |
| <i>Odyssey of the Seas</i> | 4th Quarter 2020 | 4,250 |
| Icon-class: | | |
| <i>Unnamed</i> | 2nd Quarter 2022 | 5,650 |
| <i>Unnamed</i> | 2nd Quarter 2024 | 5,650 |
| Celebrity Cruises — | | |
| Edge-class: | | |
| <i>Celebrity Apex</i> | 2nd Quarter 2020 | 2,900 |
| <i>Unnamed</i> | 4th Quarter 2021 | 3,200 |
| <i>Unnamed</i> | 4th Quarter 2022 | 3,200 |
| <i>Celebrity Flora</i> | 2nd Quarter 2019 | 100 |
| Silversea Cruises — | | |
| <i>Silver Origin</i> | 1st Quarter 2020 | 100 |
| <i>Silver Moon</i> | 3rd Quarter 2020 | 550 |
| <i>Silver Dawn</i> | 3rd Quarter 2021 | 550 |
| TUI Cruises (50% joint venture)— | | |
| <i>Mein Schiff 2</i> ⁽¹⁾ | 1st Quarter 2019 | 2,850 |
| <i>Mein Schiff 7</i> | 2nd Quarter 2023 | 2,850 |
| <i>Unnamed</i> | 3rd Quarter 2024 | 4,100 |
| <i>Unnamed</i> | 1st Quarter 2026 | 4,100 |
| Total Berths | | 49,800 |

(1) TUI Cruises' newbuild entered service as *Mein Schiff 2* in February 2019.

In addition, in September 2018, Silversea Cruises signed a memorandum of understanding with Meyer Werft to build two ships of a new generation of ships. The ships are expected to have an aggregate capacity of approximately 1,200 berths and are expected to enter service in 2022 and 2023, respectively. The memorandum of understanding with Meyer Werft is contingent upon the completion of final documentation and financing, which are expected to be completed in the first quarter of 2019.

In February 2019, we entered into an agreement with Chantiers de l'Atlantique to build the sixth Oasis-class ship for Royal Caribbean International. The ship is expected to have an aggregate capacity of approximately 5,700 berths and is expected to enter service in the fourth quarter of 2023. The order with Chantiers de l'Atlantique is contingent upon completion of conditions precedent and financing, which is expected to be completed in 2019.

Seasonality

Our revenues are seasonal based on the demand for cruises. Demand is strongest for cruises during the Northern Hemisphere's summer months and holidays. In order to mitigate the impact of the winter weather in the Northern Hemisphere and to capitalize on the summer season in the Southern Hemisphere, our brands have focused on deployment in the Caribbean, Asia and Australia during that period.

Passengers and Capacity

Selected statistical information is shown in the following table (see *Financial Presentation- Description of Certain Line Items and Selected Operational and Financial Metrics* under Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*, for definitions):

| | Year Ended December 31, | | | | |
|--|-------------------------|------------|---------------------|------------|------------|
| | 2018 ⁽¹⁾ | 2017 | 2016 ⁽²⁾ | 2015 | 2014 |
| Passengers Carried | 6,084,201 | 5,768,496 | 5,754,747 | 5,401,899 | 5,149,952 |
| Passenger Cruise Days | 41,853,052 | 40,033,527 | 40,250,557 | 38,523,060 | 36,710,966 |
| Available Passenger Cruise Days (APCD) | 38,425,304 | 36,930,939 | 37,844,644 | 36,646,639 | 34,773,915 |
| Occupancy | 108.9% | 108.4% | 106.4% | 105.1% | 105.6% |

(1) These amounts include only August and September 2018 amounts for Silversea Cruises due to the three-month reporting lag. Refer to Note 1. *General* and Note 3. *Business Combination* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for more information on the three-month reporting lag and the Silversea Cruises acquisition.

(2) These amounts do not include November and December 2015 amounts for Pullmantur as the net Pullmantur result for those months was included within *Other expense* in our consolidated statements of comprehensive income (loss) for the year ended December 31, 2016, as a result of the elimination of the Pullmantur two-month reporting lag, and did not affect Gross Yields, Net Yields, Gross Cruise Costs, Net Cruise Costs and Net Cruise Costs Excluding Fuel. Additionally, effective August 2016, we no longer include Pullmantur in these amounts.

Cruise Pricing

Our cruise ticket prices include accommodations and a wide variety of activities and amenities, including meals and entertainment. Prices vary depending on many factors including the destination, cruise length, stateroom category selected and the time of year the cruise takes place. Although we grant credit terms in select markets mainly outside of the United States, our payment terms generally require an upfront deposit to confirm a reservation, with the balance due prior to the sailing. Our cruises are generally available for sale at least one year in advance and often more than two years in advance of sailing. During the selling period of a cruise, we continually monitor and adjust our cruise ticket prices for available guest staterooms based on demand, with the objective of maximizing net yields.

As we grow our business globally, our sale arrangements with travel agents may vary. For instance, although our direct business is growing at a rapid pace, sale arrangements through travel agent charter and group sales are proportionately higher in the China market than in our other markets which are primarily through retail agency and direct sales.

We have developed and implemented enhancements to our reservations system that provide us and our travel partners with additional capabilities, making it easier to do business with us.

We offer air transportation to our guests through our air transportation program available in major cities around the world. Generally, air tickets are sold to guests at prices close to cost which vary by gateway and destination.

Passenger ticket revenues accounted for approximately 72% of total revenues in 2018, 2017 and 2016.

Onboard Activities and Other Revenues

Our cruise brands offer modern fleets with a wide array of onboard services, amenities and activities which vary by brand and ship. While many onboard activities are included in the base price of a cruise, we realize additional revenues from, among other things, gaming, the sale of alcoholic and other beverages, Internet and other telecommunication services, gift shop items, shore excursions, photography, spa/salon and fitness services, art auctions,

retail shops and a wide variety of specialty restaurants and dining options. Many of these services are available for pre-booking prior to embarkation. These activities are provided either directly by us or by independent concessionaires from which we receive a percentage of their revenues.

In conjunction with our cruise vacations, we offer pre- and post-cruise hotel packages to our Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises, and Silversea Cruises guests. We also offer cruise vacation protection coverage to guests in a number of markets, which provides guests with coverage for trip cancellation, medical protection and baggage protection. Onboard and other revenues accounted for approximately 28% of total revenues in 2018, 2017 and 2016.

Segment Reporting

We control and operate four cruise brands, Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises, and Silversea Cruises. In addition, we have a 50% investment in a joint venture with TUI AG which operates the German brand TUI Cruises, a 49% interest in the Spanish brand Pullmantur and a 36% interest in the Chinese brand SkySea Cruises, which ceased cruising operations in September 2018. We believe our brands possess the versatility to enter multiple cruise market segments within the cruise vacation industry. Although each of our brands has its own marketing style as well as ships and crews of various sizes, the nature of the products sold and services delivered by our brands share a common base (i.e., the sale and provision of cruise vacations). Our brands also have similar itineraries as well as similar cost and revenue components. In addition, our brands source passengers from similar markets around the world and operate in similar economic environments with a significant degree of commercial overlap. As a result, our brands have been aggregated as a single reportable segment based on the similarity of their economic characteristics, types of consumers, regulatory environment, maintenance requirements, supporting systems and processes as well as products and services provided. Our Chairman and Chief Executive Officer has been identified as the chief operating decision-maker and all significant operating decisions including the allocation of resources are based upon the analyses of the Company as one segment. (For financial information, see Item 8. *Financial Statements and Supplementary Data.*)

Employees

As of December 31, 2018, our Global Brands employed approximately 77,000 employees, including 70,000 shipboard employees as well as 7,000 full-time and 100 part-time employees in our shoreside operations. As of December 31, 2018, approximately 89% of our shipboard employees were covered by collective bargaining agreements.

Insurance

We maintain insurance on the hull and machinery of our ships, with insured values generally equal to the net book value of each ship. This coverage is maintained with reputable insurance underwriters from the British, Scandinavian, French, United States and other reputable international insurance markets.

We are members of four Protection and Indemnity ("P&I") clubs, which are part of a worldwide group of 13 P&I clubs, known as the International Group of P&I Clubs (the "IG"). Liabilities, costs and expenses for illness and injury to crew, guest injury, pollution and other third-party claims in connection with our cruise activities are covered by our P&I clubs, subject to the clubs' rules and the limits of coverage determined by the IG. P&I coverage provided by the clubs is on a mutual basis and we are subject to additional premium calls in the event of a catastrophic loss incurred by any member of the 13 P&I clubs, whereby the reinsurance limits purchased by the IG are exhausted. We are also subject to additional premium calls based on investment and underwriting shortfalls experienced by our own individual insurers.

We maintain war risk insurance for legal liability to crew, guests and other third parties as well as for loss or damage to our vessels arising from acts of war, including invasion, insurrection, terrorism, rebellion, piracy and hijacking. Our primary war risk coverage is provided by a Norwegian war risk insurance association and our excess war risk insurance is provided by our four P&I clubs. Consistent with most marine war risk policies, our coverage is subject to cancellation in the event of a change in risk. In the event of a war between major powers, our primary policies terminate after thirty days' notice and our excess policies terminate immediately. Our excess policies are also subject to cancellation after a notice period of seven days in the event of other changes in risk. These notice periods allow for premiums to be renegotiated based on changes in risk.

Insurance coverage for other exposures, such as shoreside property and casualty, passenger off-vessel, directors and officers and network security and privacy, are maintained with various global insurance companies.

We do not carry business interruption insurance for our ships based on our evaluation of the risks involved and protective measures already in place, as compared to the cost of insurance.

All insurance coverage is subject to certain limitations, exclusions and deductible levels. In addition, in certain circumstances, we either self-insure or co-insure a portion of these risks. Premiums charged by insurance carriers, including carriers in the maritime insurance industry, increase or decrease from time to time and tend to be cyclical in nature. These cycles are impacted both by our own loss experience and by losses incurred in direct and reinsurance markets. We historically have been able to obtain insurance coverage in amounts and at premiums we have deemed to be commercially acceptable. No assurance can be given that affordable and secure insurance markets will be available to us in the future, particularly for war risk insurance.

Trademarks

We own a number of registered trademarks related to the Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises and Silversea Cruises cruise brands. The registered trademarks include the name “Royal Caribbean International” and its crown and anchor logo, the name “Celebrity Cruises” and its “X” logo, the name “Azamara Club Cruises” and its globe with an “A” logo, the name “Silversea Cruises” and its logo, and the names of various cruise ships, as well as loyalty program names, ship venues and other marketing programs. We believe our largest brands' trademarks are widely recognized throughout the world and have considerable value. The duration of trademark registrations varies from country to country. However, trademarks are generally valid and may be renewed indefinitely as long as they are in use and/or their registrations are properly maintained.

Regulation

Our ships are regulated by various international, national, state and local laws, regulations and treaties in force in the jurisdictions in which they operate. In addition, our ships are registered in the Bahamas, Malta or in the case of our ships operating in the Galapagos Islands, Ecuador. Each ship is subject to regulations issued by its country of registry, including regulations issued pursuant to international treaties governing the safety of our ships, guests and crew as well as environmental protection. Each country of registry conducts periodic inspections to verify compliance with these regulations as discussed more fully below. Ships operating out of ports of call around the world are also subject to inspection by the maritime authorities of that country for compliance with international treaties and local regulations. Additionally, ships operating out of the United States ports are subject to inspection by the United States Coast Guard for compliance with international treaties and by the United States Public Health Service for sanitary and health conditions. Our ships are also subject to similar inspections pursuant to the laws and regulations of various other countries our ships visit.

We believe that we are in material compliance with all the regulations applicable to our ships and that we have all licenses necessary to conduct our business. Health, safety, security, environmental and financial responsibility issues are, and we believe will continue to be, an area of focus by the relevant government authorities in the United States and internationally. From time to time, various regulatory and legislative changes may be proposed that could impact our operations and subject us to increasing compliance costs in the future.

Safety and Security Regulations

Our ships are required to comply with international safety standards defined in the International Convention for Safety of Life at Sea (“SOLAS”), which, among other things, establishes requirements for ship design, structural features, materials, construction, lifesaving equipment and safe management and operation of ships to ensure guest and crew safety. The SOLAS standards are revised from time to time and changes are incorporated into the operation of our ships. Compliance with these modified standards have not historically had a material effect on our operating costs. SOLAS incorporates the International Safety Management Code (“ISM Code”), which provides an international standard for the safe management and operation of ships and for pollution prevention. The ISM Code is mandatory for all vessels, including passenger vessel operators.

All of our operations and ships are regularly audited by various national authorities, and we are required to maintain the relevant certificates of compliance with the ISM Code.

Our ships are subject to various security requirements, including the International Ship and Port Facility Security Code (“ISPS Code”), which is part of SOLAS, and the U.S. Maritime Transportation Security Act of 2002 (“MTSA”), which applies to ships that operate in U.S. ports. In order to satisfy these security requirements, we implement security measures, conduct vessel security assessments, and develop security plans. The security plans for all of our ships have been submitted to and approved by the respective countries of registry for our ships in compliance with the ISPS Code and the MTSA.

The Cruise Vessel Security and Safety Act of 2010, which applies to passenger vessels which embark or include port stops within the United States, requires the implementation of certain safety design features as well as the establishment of practices for the reporting of and dealing with allegations of crime. The cruise industry supported this legislation and we believe that our internal standards are generally as strict or stricter than the law requires. A few provisions of the law call for regulations which have not yet been finalized. We do not expect the proposed regulations will have a material impact to our operations.

Environmental Regulations

We are subject to various international and national laws and regulations relating to environmental protection. Under such laws and regulations, we are generally prohibited from discharging materials other than food waste into the waterways. We have made, and will continue to make, capital and other expenditures to comply with environmental laws and regulations. From time to time, environmental and other regulators consider more stringent regulations, which may affect our operations and increase our compliance costs. We believe that the impact of ships on the global environment will continue to be an area of focus by the relevant authorities throughout the world and, accordingly, may subject us to increasing compliance costs in the future, including the items described below.

Our ships are subject to the International Maritime Organization’s (“IMO”) regulations under the International Convention for the Prevention of Pollution from Ships (the “MARPOL Regulations”) and the International Convention for the Control and Management of Ships Ballast Water and Sediments (Ballast Water Management Convention), which includes requirements designed to minimize pollution by oil, sewage, garbage, air emissions and the transfer of non-native/non-indigenous species. We have obtained the relevant international compliance certificates relating to oil, sewage, air pollution prevention and ballast water for all of our ships.

The MARPOL Regulations impose global limitations on the sulfur content of emissions emitted by ships operating worldwide to 3.5%, which will be further reduced to 0.5% beginning in January 2020. We do not expect this reduced limitation will have a material impact to our results of operations largely due to a number of mitigating steps we have taken over the last several years, including equipping all of our new ships delivered during or after 2014 with advanced emissions purification (“AEP”) systems covering all engines and actively developing and testing AEP systems on the majority of our remaining fleet.

The MARPOL Regulations also establish special Emission Control Areas (“ECAs”) with stringent limitations on sulfur emissions in these areas. There are four established ECAs that restrict sulfur emissions: the Baltic Sea, the North Sea/English Channel, certain waters surrounding the North American coast, and the waters surrounding Puerto Rico and the U.S. Virgin Islands (the “Caribbean ECA”). Ships operating in these sulfur ECAs have been required to reduce their emissions sulfur content from 1.0% to 0.1%. This reduction has not had a significant impact on our results of operations to date due to the mitigating steps described above.

We continue to implement our AEP system strategy both for our ships on order and for the majority of the ships on our fleet. As our new ships are delivered, they will provide us with additional operational and deployment flexibility. From 2014 to 2017, we had in place exemptions for 19 of our ships which applied while they were sailing in the North American and Caribbean ECAs. These exemptions delayed the requirement to comply with the additional sulfur content reduction pending our continued development and deployment of AEP systems on these ships. By the end of 2018, we completed installations on all ships covered by the exemptions. We believe that the learning from our existing endeavors as well as our further efforts with regards to this technology will allow us to continue an effective AEP system retrofit strategy for our fleet.

All new ships that began construction after January 1, 2016 are required to meet more stringent nitrogen oxide emission limits when operating within the North American and U.S. Caribbean Sea ECA. We comply with these rules

for those relevant ships in service. All of our ships under construction are being built to comply with these rules. These rules have not had and are not expected to have a significant impact to our operations or costs.

Effective July 1, 2015, the European Commission adopted legislation that requires cruise ship operators with ships visiting ports in the European Union to monitor and report on the ship's annual carbon dioxide emissions starting in 2018. Compliance with this regulation did not have a material impact to our costs or results of operations in 2018. Additionally, in 2019, the IMO's monitoring and reporting system (IMO data and collection system), which is applicable to all ship itineraries, will enter into force. While we do not expect compliance with either of these regulations to materially impact our costs or results of operations, the legislations both present the new monitoring and reporting requirements as the first step of a staged approach, which could ultimately result in additional costs or charges associated with carbon dioxide emissions.

The IMO Ballast Water Management Convention, which came in effect in 2017, requires ships that carry and discharge ballast water to meet specific discharge standards by installing Ballast Water Treatment Systems within the next five years. Compliance with this regulation has not had a material effect on our results of operations and we do not expect the continuing compliance with this regulation to have a material effect on our results of operations.

Refer to Item 1A. *Risk Factors - "Environmental, labor, health and safety, financial responsibility and other maritime regulations could affect operations and increase costs"* for further discussion of the risks associated with the regulations discussed above.

Consumer Financial Responsibility Regulations

We are required to obtain certificates from the United States Federal Maritime Commission relating to our ability to satisfy liability in cases of non-performance of obligations to guests, as well as casualty and personal injury. As a condition to obtaining the required certificates, we generally arrange through our insurers for the provision of surety for our ship-operating companies. The required amount is currently \$30.0 million per operator and is subject to additional consumer price index based adjustments.

We are also required by the United Kingdom, Norway, Finland and the Baltics to establish our financial responsibility for any liability resulting from the non-performance of our obligations to guests from these jurisdictions. In the United Kingdom we are currently required by the Association of British Travel Agents to provide performance bonds totaling approximately £74 million. The Norwegian Travel Guarantee Fund requires us to maintain performance bonds in varying amounts during the course of the year to cover our financial responsibility in Norway, Finland and the Baltics. These amounts ranged from NOK 44 million to NOK 116 million during 2018.

Certain other jurisdictions also require that we establish financial responsibility to our guests resulting from the non-performance of our obligations; however, the related amounts do not have a material effect on our costs.

Taxation of the Company

The following is a summary of our principal taxes, exemptions and special regimes. In addition to or instead of income taxation, virtually all jurisdictions where our ships call impose some tax or fee, or both, based on guest headcount, tonnage or some other measure. We also collect and remit value added tax (VAT) or sales tax in many jurisdictions where we operate.

Our consolidated operations are primarily foreign corporations engaged in the owning and operating of passenger cruise ships in international transportation.

U.S. Income Taxation

The following is a discussion of the application of the U.S. federal and state income tax laws to us and is based on the current provisions of the U.S. Internal Revenue Code, Treasury Department regulations, administrative rulings, court decisions and the relevant state tax laws, regulations, rulings and court decisions of the states where we have business operations. All of the foregoing is subject to change, and any such change could affect the accuracy of this discussion.

Application of Section 883 of the Internal Revenue Code

We, Celebrity Cruises, Inc. and Silversea Cruises Ltd. are engaged in a trade or business in the United States, and many of our ship-owning subsidiaries, depending upon the itineraries of their ships, receive income from sources within the United States. Additionally, our United Kingdom tonnage tax company is a ship-operating company classified as a disregarded entity for U.S. federal income tax purposes that may earn U.S. source income. Under Section 883 of the Internal Revenue Code, certain foreign corporations may exclude from gross income (and effectively from branch profits tax as such earnings do not give rise to effectively connected earnings and profits) U.S. source income derived from or incidental to the international operation of a ship or ships, including income from the leasing of such ships.

A foreign corporation will qualify for the benefits of Section 883 if, in relevant part: (1) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the United States; and (2) the stock of the corporation (or the direct or indirect corporate parent thereof) is “primarily and regularly traded on an established securities market” in the United States. In the opinion of our U.S. tax counsel, Drinker Biddle & Reath LLP, based on the representations and assumptions set forth in that opinion, we, Celebrity Cruises Inc., and our ship-owning subsidiaries with U.S. source shipping income qualify for the benefits of Section 883 because we and each of those subsidiaries are incorporated in Liberia, which is a qualifying country, and our common stock is primarily and regularly traded on an established securities market in the United States (i.e., we are a “publicly traded” corporation). In addition, in the opinion of Drinker Biddle and Reath LLP, based on the representations and assumptions set forth in that opinion, Silversea Cruises Ltd. and its ship-owning subsidiaries with U.S. source shipping income qualify for the benefits of Section 883 because Silversea Cruises Ltd. and each of those subsidiaries is incorporated in Bahamas, which is a qualifying country, and more than 50% of Silversea Cruises Ltd.’s shares were indirectly owned (through a number of intermediary non U.S. companies) by a qualifying individual, and such individual and intermediary entities have complied with the relevant document requirements. If, in the future, (1) Liberia or Bahamas no longer qualify as equivalent exemption jurisdictions, and we do not reincorporate in a jurisdiction that does qualify for the exemption, or (2) we fail to qualify as a publicly traded corporation, we and all of our ship-owning or operating subsidiaries that rely on Section 883 to exclude qualifying income from gross income would be subject to U.S. federal income tax on their U.S. source shipping income and income from activities incidental thereto.

We believe that most of our income and the income of our ship-owning subsidiaries, including our U.K. tonnage tax company which is considered a division for U.S. tax purposes, is derived from or incidental to the international operation of a ship or ships and, therefore, is exempt from taxation under Section 883.

Regulations under Section 883 list activities that are not considered by the Internal Revenue Service to be incidental to the international operation of ships including the sale of air and land transportation, shore excursions and pre- and post-cruise tours. Our income from these activities that is earned from sources within the United States will be subject to U.S. taxation.

Taxation in the Absence of an Exemption Under Section 883

If we, the operator of our vessels, Celebrity Cruises Inc., Silversea Cruises Ltd., or our ship-owning subsidiaries were to fail to meet the requirements of Section 883 of the Internal Revenue Code, or if the provision was repealed, then, as explained below, such companies would be subject to U.S. income taxation on a portion of their income derived from or incidental to the international operation of our ships.

Because we, Celebrity Cruises Inc. and Silversea Cruises Ltd. conduct a trade or business in the United States, we, Celebrity Cruises Inc. and Silversea Cruises Ltd. would be taxable at regular corporate rates on our separate company taxable income (i.e., without regard to the income of our ship-owning subsidiaries) on income which is effectively connected with our U.S. trade or business (generally only income from U.S. sources). In addition, if any of our earnings and profits effectively connected with our U.S. trade or business were withdrawn, or were deemed to have been withdrawn, from our U.S. trade or business, those withdrawn amounts would be subject to a “branch profits” tax at the rate of 30%. We, Celebrity Cruises Inc. and Silversea Cruises Ltd. would also be potentially subject to tax on portions of certain interest paid by us at rates of up to 30%.

If Section 883 were not available to our ship-owning subsidiaries, each such subsidiary would be subject to a

special 4% tax on its U.S. source gross transportation income, if any, each year because it does not have a fixed place of business in the United States and its income is derived from the leasing of a ship.

Other United States Taxation

We, Celebrity Cruises Inc. and Silversea Cruises Ltd. earn U.S. source income from activities not considered incidental to international shipping. The tax on such income is not material to our results of operation for all years presented.

State Taxation

We, Celebrity Cruises Inc., Silversea Cruises Ltd. and certain of our subsidiaries are subject to various U.S. state income taxes which are generally imposed on each state's portion of the U.S. source income subject to federal income taxes. Additionally, the state of Alaska subjects an allocated portion of the total income of companies doing business in Alaska and certain other affiliated companies to Alaska corporate state income taxes and also imposes a 33% tax on adjusted gross income from onboard gambling activities conducted in Alaska waters. This did not have a material impact to our results of operations for all years presented.

2017 Tax Cuts and Jobs Act

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. Among other things, the new legislation reduced the federal corporate income tax rate to 21% from 35%, resulting in an immaterial benefit in 2017 related to the reduction of our U.S. deferred tax liability. Although there are a number of provisions which apply to us, there was no material impact to our overall tax expense as a result of the legislation.

Maltese and Spanish Income Taxation

Effective July 31, 2016, we sold 51% of our interest in Pullmantur Holdings S.L. ("Pullmantur Holdings"), the parent company of the Pullmantur brand. We account for our retained investment under the equity method of accounting. There was no tax impact to us as a result of this sale transaction. The surviving Pullmantur company continues to be subject to the tax laws of Spain and Malta, among others.

Under the sale agreement, we remain responsible for pre-sale tax matters with respect to years that are still open under the statute of limitations.

United Kingdom Income Taxation

During the year ended December 31, 2018, we operated 16 ships under the United Kingdom tonnage tax regime ("U.K. tonnage tax").

Companies subject to U.K. tonnage tax pay a corporate tax on a notional profit determined with reference to the net tonnage of qualifying vessels. The requirements for a company to qualify for the U.K. tonnage tax regime include being subject to U.K. corporate income tax, operating qualifying ships, which are strategically and commercially managed in the United Kingdom, and fulfilling a seafarer training requirement.

Relevant shipping profits include income from the operation of qualifying ships and from shipping related activities. Our U.K. income from non-shipping activities which do not qualify under the U.K. tonnage tax regime and which are not considered significant, remain subject to regular U.K. corporate income tax.

Brazilian Income Taxation

Previously, Pullmantur and our U.K. tonnage tax company chartered certain ships to Brazilian subsidiary companies for operations in Brazil. Both Pullmantur and Royal Caribbean International ceased charters to Brazilian subsidiary companies in January 2016 and March 2016, respectively. While Brazilian charters took place, the Brazilian subsidiaries' earnings were subject to Brazilian taxation which was not considered significant. The charter payments made to the U.K. tonnage tax company and to Pullmantur were exempt from Brazilian income tax under Brazilian

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domestic law. Additionally, remittances of revenue from sales of certain cruises in the Brazilian market are subject to taxation.

Chinese Taxation

Our U.K. tonnage tax company operates ships in international transportation in China. The income earned from this operation is exempt from taxation in China under the U.K./China double tax treaty and other circulars addressing indirect taxes. Changes to or failure to qualify for the treaty or circular could cause us to lose the benefits provided which would have a material impact on our results of operations. Our Chinese income from non-shipping activities or from shipping activities not qualifying for treaty or circular protection and which are considered insignificant, remain subject to Chinese taxation.

Other Taxation

We and certain of our subsidiaries are subject to value-added and other indirect taxes most of which are reclaimable, zero-rated or exempt.

Website Access to Reports

We make available, free of charge, access to our Annual Reports, all quarterly and current reports and all amendments to those reports, as soon as reasonably practicable after such reports are electronically filed with or furnished to the Securities and Exchange Commission through our website at www.rclcorporate.com. The information contained on our website is not a part of any of these reports and is not incorporated by reference herein.

Executive Officers of the Company

As of February 22, 2019, our executive officers are:

| Name | Age | Position |
|--------------------|------------|--|
| Richard D. Fain | 71 | Chairman, Chief Executive Officer and Director |
| Jason T. Liberty | 43 | Executive Vice President, Chief Financial Officer |
| Michael W. Bayley | 60 | President and Chief Executive Officer, Royal Caribbean International |
| Lisa Lutoff-Perlo | 61 | President and Chief Executive Officer, Celebrity Cruises |
| Lawrence Pimentel | 67 | President and Chief Executive Officer, Azamara Club Cruises |
| Harri U. Kulovaara | 66 | Executive Vice President, Maritime |
| Bradley H. Stein | 63 | Senior Vice President, General Counsel, Chief Compliance Officer |
| Henry L. Pujol | 51 | Senior Vice President, Chief Accounting Officer |

Richard D. Fain has served as a director since 1981 and as our Chairman and Chief Executive Officer since 1988. Mr. Fain is a recognized industry leader, having participated in shipping for over 40 years and having held a number of prominent industry positions, such as Chairman of the Cruise Lines International Association (CLIA), the largest cruise industry trade association. He currently serves as Chairman of the University of Miami Board of Trustees as well as serving on the National Board of the Posse Foundation. He is also former chairman of the Miami Business Forum, the Greater Miami Convention and Visitors Bureau, and the United Way of Miami-Dade.

Jason T. Liberty has been employed by the Company since 2005 and has served as Chief Financial Officer since May 2013. From May 2013 to February 2017, he served as Senior Vice President and Chief Financial Officer, and from February 2017 to May 2018, Mr. Liberty served as Executive Vice President and Chief Financial Officer, in each case overseeing the Company's Treasury, Accounting, Corporate, Strategic and Revenue Planning, Corporate Development, Deployment, Internal Audit and Investor Relations functions. Since May 2018, in addition to the above functions, he has also overseen the Company's Information Technology, Supply Chain, Risk Management, Legal and Port Operations functions. Prior to his role as Chief Financial Officer, Mr. Liberty served as Senior Vice President, Strategy and Finance from September 2012 through May 2013, overseeing the Company's Corporate and Strategic Planning, Treasury, Investor Relations and Deployment functions. Prior to this, Mr. Liberty served, from 2010 through 2012, as Vice President of Corporate and Revenue Planning and, from 2008 to 2010, as Vice President of Corporate and Strategic Planning. Before joining Royal Caribbean, Mr. Liberty was a Senior Manager at the international public accounting firm of KPMG LLP.

Michael W. Bayley has served as President and Chief Executive Officer of Royal Caribbean International since December 2014. Prior to this, he served as President and Chief Executive Officer of Celebrity Cruises since August 2012. Mr. Bayley has been employed by Royal Caribbean for over 30 years, having started as an Assistant Purser onboard one of the Company's ships. He has served in a number of roles including as Executive Vice President, Operations from February 2012 until August 2012. Other positions Mr. Bayley has held include Executive Vice President, International from May 2010 until February 2012; Senior Vice President, International from December 2007 to May 2010; Senior Vice President, Hotel Operations for Royal Caribbean International; and Chairman and Managing Director of Island Cruises.

Lisa Lutoff-Perlo has served as President and Chief Executive Officer of Celebrity Cruises since December 2014. Prior to this, she served as Executive Vice President, Operations for Royal Caribbean International from September 2012 to December 2014, where she was responsible for all of Royal Caribbean International's hotel, marine and port operations. Ms. Lutoff-Perlo has been employed with the Company since 1985 in a variety of positions within both Celebrity Cruises and Royal Caribbean International. She started at Royal Caribbean International as District Sales Manager for New England and from August 2008 to August 2012 she was responsible for Celebrity Cruises' hotel operation.

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Lawrence Pimentel has served as President and Chief Executive Officer of Azamara Club Cruises since July 2009. From 2001 until January 2009, Mr. Pimentel was President, Chief Executive Officer, Director and co-owner of SeaDream Yacht Club, a privately held luxury cruise line located in Miami, Florida with two yacht-style ships that sailed primarily in the Caribbean and Mediterranean. From April 1991 to February 2001, Mr. Pimentel was President and Chief Executive Officer of Carnival Corp.'s Seabourn Cruise Line and from May 1998 to February 2001, he was President and Chief Executive Officer of Carnival Corp.'s Cunard Line.

Harri U. Kulovaara has served as Executive Vice President, Maritime since January 2005. Mr. Kulovaara is responsible for fleet design and newbuild operations. Mr. Kulovaara also chairs our Maritime Safety Advisory Board. Mr. Kulovaara has been employed with Royal Caribbean since 1995 in a variety of positions, including Senior Vice President, Marine Operations, and Senior Vice President, Quality Assurance. Mr. Kulovaara is a naval architect and engineer.

Bradley H. Stein has served as General Counsel and Corporate Secretary of the Company since 2006. He has also served as Senior Vice President and Chief Compliance Officer of the Company since February 2009 and February 2011, respectively. Mr. Stein has been with Royal Caribbean since 1992. Before joining Royal Caribbean, Mr. Stein worked in private practice in New York and Miami.

Henry L. Pujol has served as Senior Vice President, Chief Accounting Officer of the Company since May 2013. Mr. Pujol originally joined Royal Caribbean in 2004 as Assistant Controller and was promoted to Corporate Controller in May 2007. Before joining Royal Caribbean, Mr. Pujol was a Senior Manager at the international public accounting firm of KPMG LLP.

Item 1A. Risk Factors

The risk factors set forth below and elsewhere in this Annual Report on Form 10-K are important factors that could cause actual results to differ from expected or historical results. It is not possible to predict or identify all such risks. There may be additional risks that we consider not to be material, or which are not known, and any of these risks could have the effects set forth below. The ordering of the risk factors set forth below is not intended to reflect any Company indication of priority or likelihood. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for a cautionary note regarding forward-looking statements.

Adverse worldwide economic or other conditions could reduce the demand for cruises and passenger spending, adversely impacting our operating results, cash flows and financial condition including potentially impairing the value of our ships and other assets.

The demand for cruises is affected by international, national and local economic conditions. Weak or uncertain economic conditions impact consumer confidence and pose a risk as vacationers may postpone or reduce discretionary spending. This, in turn, may result in cruise booking slowdowns, decreased cruise prices and lower onboard revenues. Given the global nature of our business, we are exposed to many different economies and our business could be hurt by challenging conditions in any of our markets. Any significant deterioration of international, national or local economic conditions could result in a prolonged period of booking slowdowns, depressed cruise prices and reduced onboard revenues.

Fears of terrorist attacks, war, and other hostilities could have a negative impact on our results of operations.

Events such as terrorist attacks, war (or war-like conditions), conflicts (domestic or cross-border), civil unrest and other hostilities, including an escalation in the frequency or severity of incidents, and the resulting political instability, travel restrictions and advisories, and concerns over safety and security aspects of traveling or the fear of any of the foregoing have had, and could have in the future, a significant adverse impact on demand and pricing in the travel and vacation industry. In view of our global operations, we are susceptible to a wide range of adverse events. These events could also result in additional security measures taken by local authorities which may potentially impact access to ports and/or destinations.

Our operating costs could increase due to market forces and economic or geo-political factors beyond our control.

Our operating costs, including fuel, food, payroll and benefits, airfare, taxes, insurance and security costs, are all subject to increases due to market forces and economic or geo-political conditions or other factors beyond our control. Increases in these operating costs could adversely affect our profitability.

Fluctuations in foreign currency exchange rates, fuel prices and interest rates could affect our financial results.

We are exposed to market risk attributable to changes in foreign currency exchange rates, fuel prices and interest rates. Significant changes in any of the foregoing could have a material impact on our financial results, net of the impact of our hedging activities and natural offsets. Our operating results have been and will continue to be impacted, often significantly, by changes in each of these factors. The value of our earnings in foreign currencies is adversely impacted by a strong United States dollar. In addition, any significant increase in fuel prices could materially and adversely affect our business as fuel prices not only impact our fuel costs, but also some of our other expenses, such as crew travel, freight and commodity prices. Also, a significant increase in interest rates could materially impact the cost of our floating rate debt. Furthermore, regulatory changes, such as the announcement of the United Kingdom's Financial Conduct Authority to phase out LIBOR by the end of 2021, may adversely affect our portfolio of floating-rate debt and interest rate derivatives. If LIBOR ceases to exist, we may need to renegotiate any credit agreements or interest rate derivatives agreements extending beyond 2021 that utilize LIBOR as a factor in determining the interest rate or hedge rate, which could adversely impact our cost of debt.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for more information.

Conducting business globally may result in increased costs and other risks.

We operate our business globally. Operating internationally exposes us to a number of risks, including increased exposure to a wider range of regional and local economic conditions, volatile local political conditions, potential

changes in duties and taxes, including changing and/or uncertain interpretations of existing tax laws and regulations, required compliance with additional laws and policies affecting cruising, vacation or maritime businesses or governing the operations of foreign-based companies, currency fluctuations, interest rate movements, difficulties in operating under local business environments, port quality and availability in certain regions, U.S. and global anti-bribery laws or regulations, imposition of trade barriers and restrictions on repatriation of earnings.

Our future growth strategies increasingly depend on the growth and sustained profitability of certain international markets, such as China. Some factors that will be critical to our success in developing these markets may be different than those affecting our more-established North American and European markets. In the Chinese market, in particular, our future success depends on our ability to continue to raise awareness of our products, evolve the available distribution channels and adapt our offerings to best suit the Chinese consumer. China's economy differs from the economies of other developed countries in many respects and, as the legal and regulatory system in China continues to evolve, there may be greater uncertainty as to the interpretation and enforcement of applicable laws and regulations. In March 2017, China's National Tourism Administration issued a directive to travel agents to halt sales of holiday packages to South Korea. This travel restriction has had a direct impact on our related itineraries impacting the overall performance of our China business. It is uncertain what the ultimate scope and duration of this restriction will be, but to the extent that this or similar sanctions affecting regional travel and/or tourism continues or are put in place, it may impact local demand, available cruise itineraries and the overall financial performance of the China market.

Operating globally also exposes us to numerous and sometimes conflicting legal, regulatory and tax requirements. In many parts of the world, including countries in which we operate, practices in the local business communities might not conform to international business standards. We must adhere to policies designed to promote legal and regulatory compliance as well as applicable laws and regulations. However, we might not be successful in ensuring that our employees, agents, representatives and other third parties with whom we associate throughout the world properly adhere to them. Failure by us, our employees or any of these third parties to adhere to our policies or applicable laws or regulations could result in penalties, sanctions, damage to our reputation and related costs which in turn could negatively affect our results of operations and cash flows.

We have operations in and source passengers from the United Kingdom and other member countries of the European Union. In March 2017, the United Kingdom notified the European Council of its intent to withdraw from the European Union. Since the initial referendum in June 2016, the expected withdrawal has resulted in increased volatility in the global financial markets and, in particular, in global currency exchange rates. The expected withdrawal could potentially adversely affect tax, legal and regulatory regimes to which our business in the region is subject. The expected withdrawal could also, among other potential outcomes, disrupt the free movement of goods, services and people between the United Kingdom and the European Union. Further, as the expected withdrawal approaches, continued uncertainty around these issues could lead to adverse effects on the economy of the United Kingdom, including the value of the British Pound, and the other economies in which we operate, making it more difficult to source passengers from these regions. These risks may be exacerbated if a structured withdrawal agreement is not ratified before the March 29, 2019 deadline, and/or if voters of other countries within the European Union similarly elect to exit the European Union in future referendums.

As a global operator, our business may be also impacted by changes in U.S. policy or priorities in areas such as trade, immigration and/or environmental or labor regulations, among others. Depending on the nature and scope of any such changes, they could impact our domestic and international business operations. Any such changes, and any international response to them, could potentially introduce new barriers to passenger or crew travel and/or cross border transactions, impact our guest experience and/or increase our operating costs. For example, we are currently monitoring developments in Venezuela as well as the U.S. government's recent comments regarding its policy towards Cuba and its impact to our business. A significant shift in U.S. policy towards Cuba, including the administration's possible taking action to limit the ability of companies like us to continue to conduct business in Cuba, and/or a significant deterioration in the Cuban economy could impact our Cuban itineraries and associated ticket and tour revenues.

In addition, the administration has stated it is reviewing whether to continue to suspend the right of private parties to bring litigation under the Helms-Burton Act against companies making unauthorized use of property confiscated by the Cuban government. If such suspension is lifted, monetary and other claims may be brought against us and other companies doing business in Cuba. Although we believe we have meritorious defenses to any such claims, it is possible that such claims could lead to an adverse impact on our business.

If we are unable to address these risks adequately, our financial position and results of operations could be adversely affected, including potentially impairing the value of our ships and other assets.

Price increases for commercial airline service for our guests or major changes or reduction in commercial airline service and/or availability could adversely impact the demand for cruises and undermine our ability to provide reasonably priced vacation packages to our guests.

Many of our guests depend on scheduled commercial airline services to transport them to or from the ports where our cruises embark or disembark. Increases in the price of airfare would increase the overall price of the cruise vacation to our guests, which may adversely impact demand for our cruises. In addition, changes in the availability of commercial airline services could adversely affect our guests' ability to obtain airfare, as well as our ability to fly our guests to or from our cruise ships, which could adversely affect our results of operations.

Incidents or adverse publicity concerning our ships, port facilities, land destinations and/or passengers or the cruise vacation industry in general, unusual weather conditions and other natural disasters or disruptions could affect our reputation as well as impact our sales and results of operations.

The ownership and/or operation of cruise ships, private destinations, port facilities and shore excursions involves the risk of accidents, illnesses, mechanical failures, environmental incidents and other incidents which may bring into question safety, health, security and vacation satisfaction which could negatively impact our reputation. Incidents involving cruise ships, and, in particular the safety, health and security of guests and crew and media coverage thereof have impacted and could in the future impact demand for our cruises and pricing in the industry. Our reputation and our business could also be damaged by negative publicity regarding the cruise industry in general, including publicity regarding the spread of contagious disease and the potentially adverse environmental impacts of cruising. The considerable expansion in the use of social media and digital marketing over recent years has compounded the potential scope of any negative publicity. If any such incident or news cycle occurs during a time of high seasonal demand, the effect could disproportionately impact our results of operations for the year. In addition, incidents involving cruise ships may result in additional costs to our business, increasing government or other regulatory oversight and, in the case of incidents involving our ships, potential litigation.

Our cruise ships, port facilities and land destinations may also be adversely impacted by weather or natural disasters or disruptions, such as hurricanes. We are often forced to alter itineraries and occasionally cancel a cruise or a series of cruises or to redeploy our ships due to these types of events, which could have an adverse effect on our sales and profitability in the current and future periods. Increases in the frequency, severity or duration of severe weather events, including those related to climate change, could exacerbate their impact and cause further disruption to our operations or make certain destinations less desirable. In addition, these and any other events which impact the travel industry more generally may negatively impact our ability to deliver guests or crew to our cruises and/or interrupt our ability to obtain services and goods from key vendors in our supply chain. Any of the foregoing could have an adverse impact on our results of operations and on industry performance.

An increase in capacity worldwide or excess capacity in a particular market could adversely impact our cruise sales and/or pricing.

Although our ships can be redeployed, cruise sales and/or pricing may be impacted by the introduction of new ships into the marketplace, reductions in cruise capacity, overall market growth and deployment decisions of ourselves and our competitors. As of December 31, 2018, a total of 89 new ships with approximately 198,000 berths are on order for delivery through 2023 in the cruise industry. The further net growth in capacity from these new ships and future orders, without an increase in the cruise industry's demand and/or share of the vacation market, could depress cruise prices and impede our ability to achieve yield improvement.

In addition, to the extent that we or our competitors deploy ships to a particular itinerary and the resulting capacity in that region exceeds the demand, we may lower pricing and profitability may be lower than anticipated. This risk exists in emerging cruise markets, such as China, where capacity has grown rapidly over the past few years and in mature markets where excess capacity is typically redeployed. Any of the foregoing could have an adverse impact on our results of operations, cash flows and financial condition, including potentially impairing the value of our ships and other assets.

Unavailability of ports of call may adversely affect our results of operations.

We believe that port destinations are a major reason why guests choose to go on a particular cruise or on a cruise vacation. The availability of ports and destinations is affected by a number of factors, including existing capacity constraints, constraints related to the size of certain ships, security, environmental and health concerns, adverse weather conditions and natural disasters, financial limitations on port development, exclusivity arrangements that ports may have with our competitors, geopolitical developments, local governmental regulations and local community concerns about port development and other adverse impacts on their communities from additional tourists and overcrowding. In addition, fuel costs may adversely impact the destinations on certain of our itineraries.

Today certain ports and destinations are facing a surge of both cruise and non-cruise tourism which, in certain cases, has fueled anti-tourism sentiments and related countermeasures to limit the volume of tourists allowed in these destinations, including proposed limits on cruise ships and cruise passengers. In 2019, for example, the local government of Dubrovnik, Croatia will cap the number of cruise ships that can dock each day to two and the number of corresponding passengers to 5,000. Similar potential restrictions in ports and destinations such as Barcelona, Venice, Amsterdam and the Norwegian fjords could limit the itinerary and destination options we can offer our passengers going forward.

Any limitations on the availability or feasibility of our ports of call or on the availability of shore excursions and other service providers at such ports could adversely affect our results of operations.

Our reliance on shipyards, their subcontractors and our suppliers to implement our newbuild and ship upgrade programs and to repair and maintain our ships exposes us to risks which, if realized, could adversely impact our business.

We rely on shipyards, their subcontractors and our suppliers to effectively construct our new ships and to repair, maintain and upgrade our existing ships on a timely basis and in a cost effective manner.

There are a limited number of shipyards with the capability and capacity to build our new ships. Increased demand for available new construction slots and/or continued consolidation in the cruise shipyard industry could impact our ability to: (1) construct new ships, when and as planned, (2) cause us to continue to commit to new ship orders earlier than we have historically done so and/or (3) result in stronger bargaining power on the part of the shipyards and the export credit agencies providing financing for the project. Our inability to timely and cost-effectively procure new capacity could have a significant negative impact on our future business plans and results of operations.

Building, repairing, maintaining and/or upgrading a ship is sophisticated work that involves significant risks. In addition, the prices of labor and/or various commodities that are used in the construction of ships can be subject to volatile price changes, including the impact of fluctuations in foreign exchange rates. Shipyards, their subcontractors and/or our suppliers may encounter financial, technical or design problems when doing these jobs. If materialized, these problems could impact the timely delivery or costs of new ships or the ability of shipyards to repair and upgrade our fleet in accordance with our needs or expectations. In addition, delays or mechanical faults may result in cancellation of cruises or, in more severe situations, new ship orders, or necessitate unscheduled drydocks and repairs of ships. These events and any related adverse publicity could result in lost revenue, increased operating expenses, or both, and thus adversely affect our results of operations.

We may lose business to competitors throughout the vacation market.

We operate in the vacation market and cruising is one of many alternatives for people choosing a vacation. We therefore risk losing business not only to other cruise lines, but also to other vacation operators, which provide other leisure options, including hotels, resorts, internet-based alternative lodging sites and package holidays and tours.

We face significant competition from other cruise lines on the basis of cruise pricing, travel agent preference and also in terms of the nature of ships and services we offer to guests. Our principal competitors within the cruise vacation industry include Carnival Corporation & plc, which owns, among others, Aida Cruises, Carnival Cruise Line, Costa Cruises, Cunard Line, Holland America Line, P&O Cruises, Princess Cruises and Seabourn; Disney Cruise Line; MSC Cruises; and Norwegian Cruise Line Holdings Ltd, which owns Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises. Our revenues are sensitive to the actions of other cruise lines in many areas including pricing, scheduling, capacity and promotions, which can have a substantial adverse impact not only on our revenues, but on overall industry revenues.

In the event that we do not effectively market or differentiate our cruise brands from our competitors or otherwise compete effectively with other vacation alternatives and new or existing cruise companies, our results of operations and financial position could be adversely affected.

We may not be able to obtain sufficient financing or capital for our needs or may not be able to do so on terms that are acceptable or consistent with our expectations.

To fund our capital expenditures (including new ship orders), operations and scheduled debt payments, we have historically relied on a combination of cash flows provided by operations, drawdowns under available credit facilities, the incurrence of additional indebtedness and the sale of equity or debt securities in private or public securities markets. Any circumstance or event which leads to a decrease in consumer cruise spending, such as worsening global economic conditions or significant incidents impacting the cruise industry, could negatively affect our operating cash flows. See “-Adverse worldwide economic or other conditions...” and “-Incidents or adverse publicity concerning our ships and/or passengers or the cruise vacation industry...” for more information.

Although we believe we can access sufficient liquidity to fund our operations, investments and obligations as expected, there can be no assurances to that effect. Our ability to access additional funding as and when needed, our ability to timely refinance and/or replace our outstanding debt securities and credit facilities on acceptable terms and our cost of funding will depend upon numerous factors including, but not limited to, the vibrancy of the financial markets, our financial performance, the performance of our industry in general and the size, scope and timing of our financial needs. In addition, even where financing commitments have been secured, significant disruptions in the capital and credit markets could cause our banking and other counterparties to breach their contractual obligations to us. This could include failures of banks or other financial service companies to fund required borrowings under our loan agreements or to pay us amounts that may become due or return collateral that is refundable under our derivative contracts for hedging of fuel prices, interest rates and foreign currencies or other agreements. If any of the foregoing occurs it may have a negative impact on our cash flows, including our ability to meet our obligations, our results of operations and our financial condition.

Our liquidity could be adversely impacted if we are unable to satisfy the covenants required by our credit facilities.

Our debt agreements contain covenants, including covenants restricting our and their ability to take certain actions and financial covenants. Our ability to maintain our credit facilities may also be impacted by changes in our ownership base. More specifically, we may be required to prepay our bank financing facilities if any person acquires ownership of more than 50% of our common stock or, subject to certain exceptions, during any 24-month period, a majority of our board of directors is no longer comprised of individuals who were members of our board of directors on the first day of such period. Our public debt securities also contain change of control provisions that would be triggered by a third-party acquisition of greater than 50% of our common stock coupled with a ratings downgrade.

Failure to comply with the terms of these debt facilities could result in an event of default. Generally, if an event of default under any debt agreement occurs, then pursuant to cross default acceleration clauses, our outstanding debt and derivative contract payables could become due and/or terminated. In addition, in such events, our credit card processors could hold back payments to create a reserve. We cannot provide assurances that we would have sufficient liquidity to repay, or the ability to refinance the debt if such amounts were accelerated upon an event of default.

If we are unable to appropriately balance our cost management and capital allocation strategies with our goal of satisfying guest expectations, it may adversely impact our business success.

Our goals call for us to provide high quality products and deliver high quality services. There can be no assurance that we can successfully balance these goals with our cost management and capital allocation strategies. Our business also requires us to make capital allocation decisions, such as ordering new ships, upgrading our existing fleet, enhancing our technology and data capabilities, and expanding our portfolio of land-based assets, based on expected market preferences, competition and projected demand. There can be no assurance that our strategies will be successful, which could adversely impact our business, financial condition and results of operations. Investments in older tonnage, in particular, run the risk of not meeting expected returns and diluting related asset values.

Our attempts to expand our business into new markets and new ventures may not be successful.

We opportunistically seek to grow our business through, among other things, expansion into new destination or source markets and establishment of new ventures complementary to our current offerings. These attempts to expand

our business increase the complexity of our business, require significant levels of investment and can strain our management, personnel, operations and systems. There can be no assurance that these business expansion efforts will develop as anticipated or that we will succeed, and if we do not, we may be unable to recover our investment, which could adversely impact our business, financial condition and results of operations.

Our reliance on travel agencies to sell and market our cruises exposes us to certain risks which, if realized, could adversely impact our business.

We rely on travel agencies to generate the majority of bookings for our ships. Accordingly, we must ensure that our commission rates and incentive structures remain competitive. If we fail to offer competitive compensation packages, these agencies may be incentivized to sell cruises offered by our competitors to our detriment, which could adversely impact our operating results. Our reliance on third-party sellers is particularly pronounced in certain markets, such as China, where we have a large number of travel agent charter and group sales and less retail agency and direct bookings. In addition, the travel agent industry is sensitive to economic conditions that impact discretionary income of consumers. Significant disruptions, especially disruptions impacting those agencies that sell a high volume of our business, or contractions in the industry could reduce the number of travel agencies available for us to market and sell our cruises, which could have an adverse impact on our financial condition and results of operations.

Disruptions in our shoreside or shipboard operations or our information systems may adversely affect our results of operations.

Our principal executive office and principal shoreside operations are located in Florida, and we have shoreside offices throughout the world. Actual or threatened natural disasters (e.g., hurricanes/typhoons, earthquakes, tornadoes, fires or floods) or similar events in these locations may have a material impact on our business continuity, reputation and results of operations. In addition, substantial or repeated information system failures, computer viruses or cyber-attacks impacting our shoreside or shipboard operations could adversely impact our business. We do not generally carry business interruption insurance for our shoreside or shipboard operations or our information systems. As such, any losses or damages incurred by us could have an adverse impact on our results of operations.

The loss of key personnel, our inability to recruit or retain qualified personnel, or disruptions among our shipboard personnel due to strained employee relations could adversely affect our results of operations.

Our success depends, in large part, on the skills and contributions of key executives and other employees, and on our ability to recruit, develop and retain high quality personnel and develop adequate succession plans. As demand for qualified personnel in the industry grows, we must continue to effectively recruit, train, motivate and retain our employees, both shoreside and on our ships, in order to effectively compete in our industry, maintain our current business and support our projected global growth.

As of December 31, 2018, 89% of our shipboard employees were covered by collective bargaining agreements. A dispute under our collective bargaining agreements could result in a work stoppage of those employees covered by the agreements. We may not be able to satisfactorily renegotiate these collective bargaining agreements when they expire. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage on our ships. We may also be subject to or affected by work stoppages unrelated to our business or collective bargaining agreements. Any such work stoppages or potential work stoppages could have a material adverse effect on our financial results, as could a loss of key employees, our inability to recruit or retain qualified personnel or disruptions among our personnel.

Business activities that involve our co-investments with third parties may subject us to additional risks.

Partnerships, joint ventures and other business structures involving our co-investments with third parties generally include some form of shared control over the operations of the business and create additional risks, including the possibility that other investors in such ventures could become bankrupt or otherwise lack the financial resources to meet their obligations, or could have or develop business interests, policies or objectives that are inconsistent with ours. In addition to financial risks, our co-investment activities may also present managerial and operational risks and expose us to reputational or legal concerns. These or other issues related to our co-investments with third parties could adversely impact our operations.

Past or pending business acquisitions or potential acquisitions that we may decide to pursue in the future carry inherent risks which could adversely impact our financial performance and condition.

The Company, from time to time, has engaged in acquisitions (e.g., our recent Silversea Cruises acquisition) and may pursue acquisitions in the future, which are subject to, among other factors, the Company's ability to identify attractive business opportunities and to negotiate favorable terms for such opportunities. Accordingly, the Company cannot make any assurances that potential acquisitions will be completed timely or at all, or that if completed, we would realize the anticipated benefits of such acquisition. Acquisitions also carry inherent risks such as, among others: (1) the potential delay or failure of our efforts to successfully integrate business processes and realizing expected synergies; (2) difficulty in aligning procedures, controls and/or policies; and (3) future unknown liabilities and costs that may be associated with an acquisition. In addition, acquisitions may also adversely impact our liquidity and/or debt levels, and the recognized value of goodwill and other intangible assets can be negatively affected by unforeseen events and/or circumstances, which may result in an impairment charge. Any of the foregoing events could adversely impact our financial condition and results of operations.

We rely on supply chain vendors and third-party service providers who are integral to the operations of our businesses. These vendors and service providers may be unable or unwilling to deliver on their commitments or may act in ways that could harm our business.

We rely on supply chain vendors to deliver key products to the operations of our businesses around the world. Any event impacting a vendor's ability to deliver goods of the required quality at the location and time needed could negatively impact our ability to deliver our cruise experience. Events impacting our supply chain could be caused by factors beyond the control of our suppliers or us, including inclement weather, natural disasters, increased demand, problems in production or distribution and/or disruptions in third-party logistics or transportation systems. Interruptions to our supply chain could increase costs and could limit the availability of products critical to our operations.

In order to achieve cost and operational efficiencies, we outsource to third-party vendors certain services that are integral to the operations of our global businesses, such as our onboard concessionaires, certain of our call center operations and operation of a large part of our information technology systems. We are subject to the risk that certain decisions are subject to the control of our third-party service providers and that these decisions may adversely affect our activities. A failure to adequately monitor a third-party service provider's compliance with a service level agreement or regulatory or legal requirements could result in significant economic and reputational harm to us. There is also a risk the confidentiality, privacy and/or security of data held by third parties or communicated over third-party networks or platforms could become compromised.

If we are unable to keep pace with developments in technology or technological obsolescence, our operations or competitive position could become impaired.

Our business continues to demand the use of sophisticated technology and systems. These technologies and systems require significant investment and must be proven, refined, updated, and/or replaced with more advanced systems in order to continue to meet our customers' demands and expectations. If we are unable to do so in a timely manner or within reasonable cost parameters or if we are unable to appropriately and timely train our employees to operate any of these new systems, our business could suffer. We also may not achieve the benefits that we anticipate from any new technology or system, which could result in higher than anticipated costs or impair our operating results.

We are exposed to cyber-attacks and data breaches, including the risks and costs associated with protecting our systems and maintaining integrity and security of our business information, as well as personal data of our guests, employees and business partners.

We are subject to cyber-attacks. These cyber-attacks can vary in scope and intent from attacks with the objective of compromising our systems, networks and communications for economic gain to attacks with the objective of disrupting, disabling or otherwise compromising our maritime and/or shoreside operations. The attacks can encompass a wide range of methods and intent, including phishing attacks, illegitimate requests for payment, theft of intellectual property, theft of confidential or non-public information, installation of malware, installation of ransomware and theft of personal or business information. The breadth and scope of these attacks, as well as the techniques and sophistication used to conduct these attacks, have grown over time.

A successful cyber-attack may target us directly, or it may be the result of a third party's inadequate care. In either scenario, the Company may suffer damage to its systems and data that could interrupt our operations, adversely impact our reputation and brand and expose us to increased risks of governmental investigation, litigation and other liability, any of which could adversely affect our business. Furthermore, responding to such an attack and mitigating the risk of future attacks could result in additional operating and capital costs in systems technology, personnel, monitoring and other investments.

In addition, we are also subject to various risks associated with the collection, handling, storage and transmission of sensitive information. In the course of doing business, we collect large volumes of employee, customer and other third-party data, including personally identifiable information and individual credit data, for various business purposes. We are subject to federal, state and international laws (including the European Union General Data Protection Regulation which took effect in May 2018), as well as industry standards, relating to the collection, use, retention, security and transfer of personally identifiable information and individual credit data. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between the Company and its subsidiaries, and among the Company, its subsidiaries and other parties with which the Company has commercial relations. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. Complying with emerging and changing international requirements has caused, and may cause us to incur substantial costs or require us to change our business practices. If we fail to comply with the various applicable data collection and privacy laws, we could be exposed to fines, penalties, restrictions, litigation or other expenses, and our business could be adversely impacted.

While we continue to evolve our cyber-security practices in line with our business' reliance on technology and the changing external threat landscape, and we invest time, effort and financial resources to secure our systems, networks and communications, our security measures cannot provide absolute assurance that we will be successful in preventing or responding to all cyber-attacks. For example, in September 2018, we discovered instances of unauthorized access to a number of employee e-mail communications, some of which contained proprietary business and personally identifiable information. We have implemented additional safeguards, and we do not believe that we experienced any material losses related to this incident; however, there can be no assurance that this or any other breach or incident will not have a material impact on our operations and financial results in the future.

Any breach, theft, loss, or fraudulent use of guest, employee, third-party or company data, could adversely impact our reputation and brand and our ability to retain or attract new customers, and expose us to risks of data loss, business disruption, governmental investigation, litigation and other liability, any of which could adversely affect our business. Significant capital investments and other expenditures could be required to remedy the problem and prevent future breaches, including costs associated with additional security technologies, personnel, experts and credit monitoring services for those whose data has been breached. Further, if we or our vendors experience significant data security breaches or fail to detect and appropriately respond to significant data security breaches, we could be exposed to government enforcement actions and private litigation.

The potential unavailability of insurance coverage, an inability to obtain insurance coverage at commercially reasonable rates or our failure to have coverage in sufficient amounts to cover our incurred losses may adversely affect our financial condition or results of operations.

We seek to maintain appropriate insurance coverage at commercially reasonable rates. We normally insure based on the cost of an asset rather than replacement value and we also elect to self-insure, co-insure, or use deductibles in certain circumstances for certain risks such as loss of use of a ship or a cyber-security breach. The limits of insurance coverage we purchase are based on the availability of the coverage, evaluation of our risk profile and cost of coverage. Accordingly, we are not protected against all risks and we cannot be certain that our coverage will be adequate for liabilities actually incurred which could result in an unexpected decrease in our revenue and results of operations in the event of an incident.

We are members of four Protection and Indemnity ("P&I") clubs, which are part of a worldwide group of 13 P&I clubs, known as the International Group of P&I Clubs (the "IG"). P&I coverage provided by the clubs is on a mutual basis and we are subject to additional premium calls in the event of a catastrophic loss incurred by any member of the 13 P&I clubs, whereby the reinsurance limits purchased by the IG are exhausted. We are also subject to additional premium calls based on investment and underwriting shortfalls experienced by our own individual insurers.

We cannot be certain that insurance and reinsurance coverage will be available to us and at commercially reasonable rates in the future or at all or, if available, that it will be sufficient to cover potential claims. Additionally, if we or other insureds sustain significant losses, the result may be higher insurance premiums, cancellation of coverage, or the inability to obtain coverage. Such events could adversely affect our financial condition or results of operations.

Environmental, labor, health and safety, financial responsibility and other maritime regulations could affect operations and increase operating costs.

The United States and various state and foreign government or regulatory agencies have enacted or may enact environmental regulations or policies, such as requiring the use of low sulfur fuels, that could increase our direct cost to operate in certain markets, increase our cost for fuel, limit the supply of compliant fuel, cause us to incur significant expenses to purchase and/or develop new equipment and adversely impact the cruise vacation industry. While we have taken and expect to continue to take a number of actions to mitigate the potential impact of certain of these regulations, there can be no assurances that these efforts will be successful or completed on a timely basis.

There is increasing global regulatory focus on climate change, greenhouse gas (GHG) and other emissions. These regulatory efforts, both internationally and in the United States are still developing, and we cannot yet determine what the final regulatory programs or their impact will be in any jurisdiction where we do business. However, such climate change-related regulatory activity in the future may adversely affect our business and financial results by requiring us to reduce our emissions, purchase allowances or otherwise pay for our emissions. Such activity may also impact us by increasing our operating costs, including fuel costs.

Some environmental groups have also lobbied for more stringent regulation of cruise ships and have generated negative publicity about the cruise vacation industry and its environmental impact. See Item 1. *Business-Regulation-Environmental Regulations*.

In addition, we are subject to various international, national, state and local laws, regulations and treaties that govern, among other things, discharge from our ships, safety standards applicable to our ships, treatment of disabled persons, health and sanitary standards applicable to our guests, security standards on board our ships and at the ship/port interface areas, and financial responsibilities to our guests. These issues are, and we believe will continue to be, an area of focus by the relevant authorities throughout the world. This could result in the enactment of more stringent regulation of cruise ships that could subject us to increasing compliance costs in the future.

A change in our tax status under the United States Internal Revenue Code, or other jurisdictions, may have adverse effects on our income.

We and a number of our subsidiaries are foreign corporations that derive income from a U.S. trade or business and/or from sources within the United States. Drinker Biddle & Reath LLP, our U.S. tax counsel, has delivered to us an opinion, based on certain representations and assumptions set forth in it, to the effect that this income, to the extent derived from or incidental to the international operation of a ship or ships, is excluded from gross income for U.S. federal income tax purposes pursuant to Section 883 of the Internal Revenue Code. We believe that most of our income (including that of our subsidiaries) is derived from or incidental to the international operation of ships.

Our ability to rely on Section 883 could be challenged or could change in the future. Provisions of the Internal Revenue Code, including Section 883, are subject to legislative change at any time. Moreover, changes could occur in the future with respect to the identity, residence or holdings of our direct or indirect shareholders, trading volume or trading frequency of our shares, or relevant foreign tax laws of Liberia such that it no longer qualifies as an equivalent exemption jurisdiction, that could affect our eligibility for the Section 883 exemption. Accordingly, there can be no assurance that we will continue to be exempt from U.S. income tax on U.S. source shipping income in the future. If we were not entitled to the benefit of Section 883, we and our subsidiaries would be subject to U.S. taxation on a portion of the income derived from or incidental to the international operation of our ships, which would reduce our net income.

Additionally, portions of our business are operated by companies that are within the United Kingdom tonnage tax regime. Further, some of our operations are conducted in jurisdictions where we rely on tax treaties to provide exemption from taxation. To the extent the United Kingdom tonnage tax laws change or we do not continue to meet

the applicable qualification requirements or if tax treaties are changed or revoked, we may be required to pay higher income tax in these jurisdictions, adversely impacting our results of operations.

As budgetary constraints continue to adversely impact the jurisdictions in which we operate, increases in income tax regulations, tax audits or tax reform affecting our operations may be imposed.

Litigation, enforcement actions, fines or penalties could adversely impact our financial condition or results of operations and/or damage our reputation.

Our business is subject to various United States and international laws and regulations that could lead to enforcement actions, fines, civil or criminal penalties or the assertion of litigation claims and damages. In addition, improper conduct by our employees, agents or joint venture partners could damage our reputation and/or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines. In certain circumstances it may not be economical to defend against such matters and/or a legal strategy may not ultimately result in us prevailing in a matter. Such events could lead to an adverse impact on our financial condition or results of operations.

We are not a United States corporation and our shareholders may be subject to the uncertainties of a foreign legal system in protecting their interests.

Our corporate affairs are governed by our Articles of Incorporation and By-Laws and by the Business Corporation Act of Liberia. The provisions of the Business Corporation Act of Liberia resemble provisions of the corporation laws of a number of states in the United States. However, while most states have a fairly well developed body of case law interpreting their respective corporate statutes, there are very few judicial cases in Liberia interpreting the Business Corporation Act of Liberia. As such, the rights and fiduciary responsibilities of directors under Liberian law are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in certain United States jurisdictions. For example, the right of shareholders to bring a derivative action in Liberian courts may be more limited than in United States jurisdictions. There may also be practical difficulties for shareholders attempting to bring suit in Liberia and Liberian courts may or may not recognize and enforce foreign judgments. Thus, our public shareholders may have more difficulty in protecting their interests with respect to actions by management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction.

Provisions of our Articles of Incorporation, By-Laws and Liberian law could inhibit others from acquiring us, prevent a change of control, and may prevent efforts by our shareholders to change our management.

Certain provisions of our Articles of Incorporation and By-Laws and Liberian law may inhibit third parties from effectuating a change of control of the Company without approval from our board of directors which could result in the entrenchment of current management. These include provisions in our Articles of Incorporation that prevent third parties, other than A. Wilhelmsen AS. and Cruise Associates, from acquiring beneficial ownership of more than 4.9% of our outstanding shares without the consent of our board of directors.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Information about our cruise ships, including their size and primary areas of operation, may be found within the *Operating Strategies - Fleet upgrade, maintenance and expansion* section and the *Operations - Cruise Ships and Itineraries* sections in Item 1. *Business*. Information regarding our cruise ships under construction, estimated expenditures and financing may be found within the *Future Capital Commitments* and *Funding Needs and Sources* sections of Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Our principal executive office and principal shoreside operations are located in leased office buildings at the Port of Miami, Florida. We also lease a number of other offices in the U.S. and throughout Europe, Asia, Mexico, South America and Australia to administer our brand operations globally.

We believe that our facilities are adequate for our current needs and that we are capable of obtaining additional facilities as necessary.

We also operate two private destinations which we utilize as ports-of-call on certain itineraries: (i) an island we own in the Bahamas which we call CocoCay; and (ii) Labadee, a secluded peninsula we lease on the north coast of Haiti.

Item 3. Legal Proceedings

On September 24, 2018, a proposed class-action lawsuit was filed by Roger and Maureen Carretta against Royal Caribbean Cruises Ltd. d/b/a Royal Caribbean International in the United States District Court for the Southern District of Florida relating to the marketing and sales of our Travel Protection Program. The plaintiffs purported to represent an alleged class of passengers who purchased the Travel Protection Program. The complaint alleged that the Company concealed that it received "kickbacks," in the form of undisclosed commissions on the sale of the travel insurance portion of the product from an underwriter, and allegedly improperly bundled Travel Insurance Policies with non-insurance products. The complaint sought damages in an indeterminate amount. On November 26, 2018, the Court dismissed the entire action with prejudice on the grounds that, among others, the claim was filed beyond the time limitations contained in the passenger ticket contract. Plaintiffs did not appeal the decision and the time period for filing an appeal has lapsed.

We are routinely involved in other claims typical within the cruise vacation industry. The majority of these claims are covered by insurance. We believe the outcome of such claims, net of expected insurance recoveries, will not have a material adverse impact on our financial condition or results of operations and cash flows.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "RCL."

Holdings

As of February 14, 2019, there were 1,398 record holders of our common stock. Since certain of our shares are held by brokers and other institutions on behalf of shareholders, the foregoing number is not representative of the number of beneficial owners.

Dividends

Holdings of our common stock have an equal right to share in our profits in the form of dividends when and if declared by our board of directors out of funds legally available. Holdings of our common stock have no rights to any sinking fund.

There are no exchange control restrictions on remittances of dividends on our common stock since (1) we are and intend to maintain our status as a nonresident Liberian entity under the Liberia Revenue Code of 2000 as Amended and the regulations thereunder, and (2) our ship-owning subsidiaries are not now engaged, and are not in the future expected to engage, in any business in Liberia, including voyages exclusively within the territorial waters of the Republic of Liberia. Under current Liberian law, no Liberian taxes or withholding will be imposed on payments to holders of our securities other than to a holder that is a resident Liberian entity or a resident individual or an individual or entity subject to taxation in Liberia as a result of having a permanent establishment within the meaning of the Liberia Revenue Code of 2000 as Amended in Liberia.

The declaration of dividends shall at all times be subject to the final determination of our board of directors that a dividend is prudent at that time in consideration of the needs of the business. Refer to Note 11. *Shareholders' Equity* to our consolidated financial statements under Item 8. *Financial Statements and Supplemental Data* for further information on dividends declared.

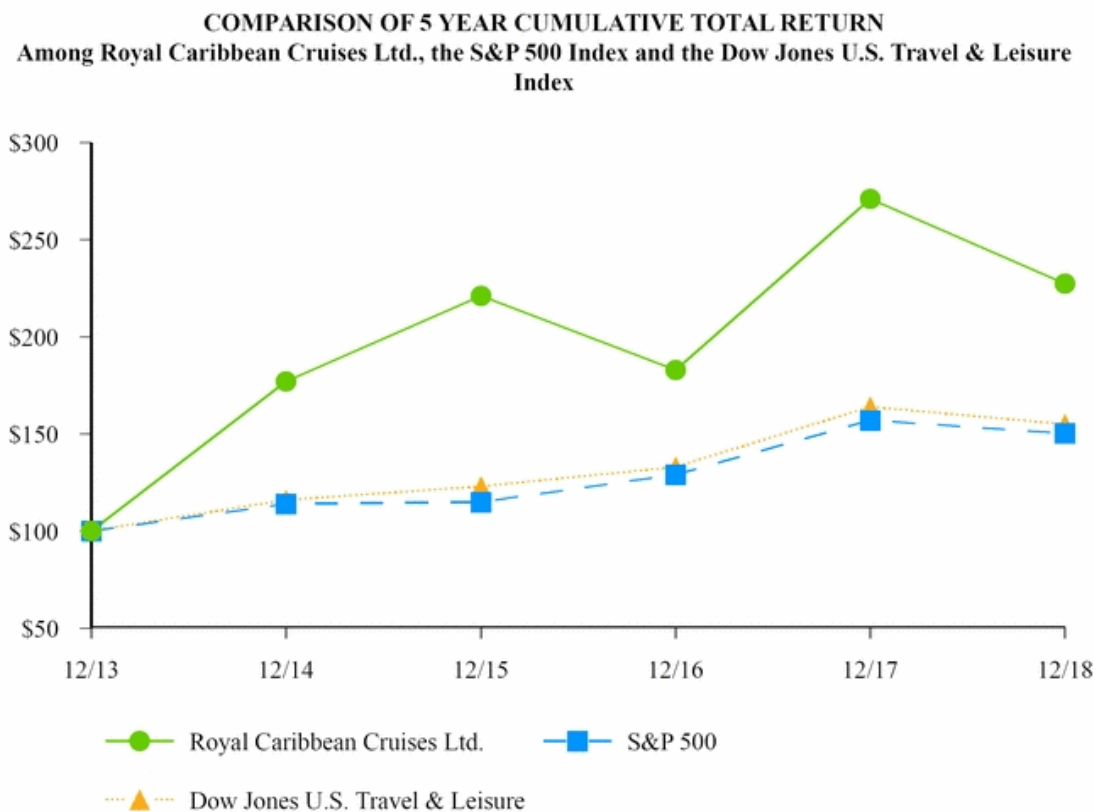
Share Repurchases

During the quarter ended December 31, 2018, there were no common stock repurchases.

As of December 31, 2018, we have approximately \$700.0 million that remains available for future common stock repurchase transactions under a 24-month common stock repurchase program for up to \$1.0 billion authorized by our board of directors on May 9, 2018. Refer to Note 11. *Shareholders' Equity* to our consolidated financial statements under Item 8. *Financial Statements and Supplemental Data* for further information.

Performance Graph

The following graph compares the total return, assuming reinvestment of dividends, on an investment in the Company, based on performance of the Company's common stock, with the total return of the Standard & Poor's 500 Composite Stock Index ("S&P 500") and the Dow Jones United States Travel and Leisure Index for a five year period by measuring the changes in common stock prices from December 31, 2013 to December 31, 2018.



| | 12/13 | 12/14 | 12/15 | 12/16 | 12/17 | 12/18 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Royal Caribbean Cruises Ltd. | 100.00 | 176.94 | 220.72 | 182.99 | 271.25 | 227.46 |
| S&P 500 | 100.00 | 113.69 | 115.26 | 129.05 | 157.22 | 150.33 |
| Dow Jones U.S. Travel & Leisure | 100.00 | 116.37 | 123.23 | 132.56 | 164.13 | 154.95 |

The stock performance graph assumes for comparison that the value of the Company's common stock and of each index was \$100 on December 31, 2013 and that all dividends were reinvested. Past performance is not necessarily an indicator of future results.

Item 6. Selected Financial Data

The selected consolidated financial data presented below for the years ended December 31, 2014 through December 31, 2018 and as of the end of each such year, except for Adjusted Net Income amounts, are derived from our audited consolidated financial statements and should be read in conjunction with those financial statements and the related notes as well as in conjunction with Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

| | Year Ended December 31, | | | | |
|---|---------------------------------------|---------------|---------------|---------------|---------------|
| | 2018 ⁽¹⁾ | 2017 | 2016 | 2015 | 2014 |
| | (in thousands, except per share data) | | | | |
| Operating Data: | | | | | |
| Total revenues | \$ 9,493,849 | \$ 8,777,845 | \$ 8,496,401 | \$ 8,299,074 | \$ 8,073,855 |
| Operating Income | \$ 1,894,801 | \$ 1,744,056 | \$ 1,477,205 | \$ 874,902 | \$ 941,859 |
| Net Income | \$ 1,815,792 | \$ 1,625,133 | \$ 1,283,388 | \$ 665,783 | \$ 764,146 |
| Net Income attributable to Royal Caribbean Cruises Ltd. | \$ 1,811,042 | \$ 1,625,133 | \$ 1,283,388 | \$ 665,783 | \$ 764,146 |
| Adjusted Net Income attributable to Royal Caribbean Ltd. ^{(2) (3) (4) (5)} | \$ 1,873,363 | \$ 1,625,133 | \$ 1,314,689 | \$ 1,065,066 | \$ 755,729 |
| Per Share Data—Basic: | | | | | |
| Net Income attributable to Royal Caribbean Cruises Ltd. | \$ 8.60 | \$ 7.57 | \$ 5.96 | \$ 3.03 | \$ 3.45 |
| Adjusted Net Income attributable to Royal Caribbean Cruises Ltd. | \$ 8.90 | \$ 7.57 | \$ 6.10 | \$ 4.85 | \$ 3.41 |
| Weighted-average shares | 210,570 | 214,617 | 215,393 | 219,537 | 221,658 |
| Per Share Data—Diluted: | | | | | |
| Net Income attributable to Royal Caribbean Cruises Ltd. | \$ 8.56 | \$ 7.53 | \$ 5.93 | \$ 3.02 | \$ 3.43 |
| Adjusted Net Income attributable to Royal Caribbean Cruises Ltd. | \$ 8.86 | \$ 7.53 | \$ 6.08 | \$ 4.83 | \$ 3.39 |
| Weighted-average shares and potentially dilutive shares | 211,554 | 215,694 | 216,316 | 220,689 | 223,044 |
| Dividends declared per common share | \$ 2.60 | \$ 2.16 | \$ 1.71 | \$ 1.35 | \$ 1.10 |
| Balance Sheet Data: | | | | | |
| Total assets ⁽⁶⁾ | \$ 27,698,270 | \$ 22,360,926 | \$ 22,310,324 | \$ 20,782,043 | \$ 20,524,060 |
| Total debt, including commercial paper and capital leases | \$ 10,777,699 | \$ 7,539,451 | \$ 9,387,436 | \$ 8,527,243 | \$ 8,254,818 |
| Common stock | \$ 2,358 | \$ 2,352 | \$ 2,346 | \$ 2,339 | \$ 2,331 |
| Total shareholders' equity | \$ 11,105,461 | \$ 10,702,303 | \$ 9,121,412 | \$ 8,063,039 | \$ 8,284,359 |

- (1) On July 31, 2018, we acquired a 66.7% equity stake in Silversea Cruise Holding Ltd ("Silversea Cruises"). Refer to Note 3. *Business Combination* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for information on the Silversea Cruises acquisition.
- (2) For 2018, 2017 and 2016, refer to *Financial Presentation and Results of Operations* under Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* for the definition of Adjusted Net Income and a reconciliation of Adjusted Net Income to Net income.
- (3) Amount for 2017 includes a gain of \$30.9 million related to the sale of *Legend of the Seas*.
- (4) Amount for 2015 excludes the impairment of Pullmantur related assets of \$399.3 million.
- (5) Amount for 2014 excludes restructuring and related impairment charges of \$4.3 million, other initiative costs of \$21.2 million, an \$11.0 million loss related to the estimated impact of Pullmantur's non-core businesses that were sold in 2014 and a loss of \$17.4 million recognized on the sale of *Celebrity Century*. Additionally, the amount for 2014 excludes \$28.9 million of net income resulting from

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the change in our voyage proration methodology and the reversal of a deferred tax asset valuation allowance of \$33.5 million due to Spanish tax reform.

- (6) We reclassified prepaid commissions of \$64.6 million from *Customer deposits* to *Prepaid expenses and other assets* in our consolidated balance sheet as of December 31, 2017 in order to conform to the current year presentation.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Concerning Forward-Looking Statements

The discussion under this caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this document, including, for example, under the "Risk Factors" and "Business" captions, includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding guidance (including our expectations for the first quarter and full year of 2019 and our earnings and yield estimates for 2019 set forth under the heading "Outlook" below), business and industry prospects or future results of operations or financial position, made in this Annual Report on Form 10-K are forward-looking. Words such as "anticipate," "believe," "could," "estimate," "expect," "goal," "intend," "may," "plan," "project," "seek," "should," "will," "driving" and similar expressions are intended to further identify any of these forward-looking statements. Forward-looking statements reflect management's current expectations but they are based on judgments and are inherently uncertain. Furthermore, they are subject to risks, uncertainties and other factors that could cause our actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in those forward-looking statements. Examples of these risks, uncertainties and other factors include, but are not limited to, those discussed in this Annual Report on Form 10-K and, in particular, the risks discussed under the caption "Risk Factors" in Part I, Item 1A of this report.

All forward-looking statements made in this Annual Report on Form 10-K speak only as of the date of this document. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

The discussion and analysis of our financial condition and results of operations have been organized to present the following:

- a review of our critical accounting policies and of our financial presentation, including discussion of certain operational and financial metrics we utilize to assist us in managing our business;
- a discussion of our results of operations for the year ended December 31, 2018 compared to the same period in 2017 and the year ended December 31, 2017 compared to the same period in 2016;
- a discussion of our business outlook, including our expectations for selected financial items for the first quarter and full year of 2019; and
- a discussion of our liquidity and capital resources, including our future capital and contractual commitments and potential funding sources.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). (Refer to Note 1. *General* and Note 2. *Summary of Significant Accounting Policies* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data*). Certain of our accounting policies are deemed "critical," as they require management's highest degree of judgment, estimates and assumptions. We have discussed these accounting policies and estimates with the audit committee of our board of directors. We believe our most critical accounting policies are as follows:

Ship Accounting

Our ships represent our most significant assets and are stated at cost less accumulated depreciation and amortization. Depreciation of ships is generally computed net of a 15% projected residual value using the straight-line method over the estimated useful life of the asset, which is generally 30 years. The 30-year useful life of our newly

constructed ships and 15% associated residual value are both based on the weighted-average of all major components of a ship. Our useful life and residual value estimates take into consideration the impact of anticipated technological changes, long-term cruise and vacation market conditions and historical useful lives of similarly-built ships. In addition, we take into consideration our estimates of the weighted-average useful lives of the ships' major component systems, such as hull, superstructure, main electric, engines and cabins. Given the very large and complex nature of our ships, our accounting estimates related to ships and determinations of ship improvement costs to be capitalized require considerable judgment and are inherently uncertain. We do not have cost segregation studies performed to specifically componentize our ship systems. Therefore, we estimate the costs of component systems based principally on general and technical information known about major ship component systems and their lives and our knowledge of the cruise vacation industry. We do not identify and track depreciation by ship component systems, but instead utilize these estimates to determine the net cost basis of assets replaced or refurbished. Improvement costs that we believe add value to our ships are capitalized as additions to the ship and depreciated over the shorter of the improvements' estimated useful lives or that of the associated ship. The estimated cost and accumulated depreciation of replaced or refurbished ship components are written off and any resulting losses are recognized in *Cruise operating expenses*.

We use the deferral method to account for drydocking costs. Under the deferral method, drydocking costs incurred are deferred and charged to expense on a straight-line basis over the period to the next scheduled drydock, which we estimate to be a period of thirty to sixty months based on the vessel's age as required by Class. Deferred drydock costs consist of the costs to drydock the vessel and other costs incurred in connection with the drydock which are necessary to maintain the vessel's Class certification. Class certification is necessary in order for our cruise ships to be flagged in a specific country, obtain liability insurance and legally operate as passenger cruise ships. The activities associated with those drydocking costs cannot be performed while the vessel is in service and, as such, are done during a drydock as a planned major maintenance activity. The significant deferred drydock costs consist of hauling and wharfage services provided by the drydock facility, hull inspection and related activities (e.g., scraping, pressure cleaning, bottom painting), maintenance to steering propulsion, thruster equipment and ballast tanks, port services such as tugs, pilotage and line handling, and freight associated with these items. We perform a detailed analysis of the various activities performed for each drydock and only defer those costs that are directly related to planned major maintenance activities necessary to maintain Class. The costs deferred are related to activities not otherwise routinely periodically performed to maintain a vessel's designed and intended operating capability. Repairs and maintenance activities are charged to expense as incurred.

We use judgment when estimating the period between drydocks, which can result in adjustments to the estimated amortization of drydock costs. If the vessel is disposed of before the next drydock, the remaining balance in deferred drydock is written-off to the gain or loss upon disposal of vessel in the period in which the sale takes place. We also use judgment when identifying costs incurred during a drydock which are necessary to maintain the vessel's Class certification as compared to those costs attributable to repairs and maintenance which are expensed as incurred.

We believe we have made reasonable estimates for ship accounting purposes. However, should certain factors or circumstances cause us to revise our estimates of ship useful lives or projected residual values, depreciation expense could be materially higher or lower. If circumstances cause us to change our assumptions in making determinations as to whether ship improvements should be capitalized, the amounts we expense each year as repairs and maintenance costs could increase, partially offset by a decrease in depreciation expense. If we had reduced our estimated average ship useful life by one year, depreciation expense for 2018 would have increased by approximately \$63.8 million. If our ships were estimated to have no residual value, depreciation expense for 2018 would have increased by approximately \$243.0 million.

Business Combinations

On July 31, 2018, we acquired a 66.7% equity stake in Silversea Cruises for \$1.02 billion in cash and contingent consideration. Refer to Note 3. *Business Combination* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information on the acquisition

We account for business combinations in accordance with ASC 805, *Business Combinations*, by applying the acquisition method of accounting. The acquisition method of accounting requires that we record the assets acquired and liabilities assumed, and the noncontrolling interest, if any, at their respective fair values at the acquisition date. Goodwill is recognized as the excess of the purchase price over the fair value of the net assets acquired. Significant

estimates and assumptions are made by management to value such assets and liabilities based on third party valuations such as appraisals or internal valuations based on discounted cash flow analyses or other valuation techniques. Although we believe that those estimates and assumptions are reasonable and appropriate, they are inherently uncertain and subject to change. If during the measurement period (not to exceed one year), additional information is obtained about facts and circumstances that existed as of the acquisition date related to the fair value of the assets acquired and liabilities assumed, we may adjust our estimates to account for subsequent adjustments to the provisional amounts recognized at the acquisition date, resulting in an offsetting adjustment to the goodwill associated with the business acquired.

Uncertain tax positions and tax-related valuation allowances are initially established in connection with a business combination as of the acquisition date. We continue to collect information and reevaluate these estimates and assumptions quarterly. We will record any adjustments to our preliminary estimates to goodwill, provided that we are within the one-year measurement period.

Any contingent consideration is estimated at fair value at the acquisition date. Liability-classified contingent consideration is remeasured each reporting period, with changes in fair value recognized in earnings until the contingent consideration is settled.

Valuation of Goodwill, Indefinite-Lived Intangible Assets and Long-Lived Assets

We review goodwill and indefinite-lived intangible assets for impairment at the reporting unit level annually or, when events or circumstances dictate, more frequently. The impairment review for goodwill consists of a qualitative assessment of whether it is more-likely-than-not that a reporting unit's fair value is less than its carrying amount, and if necessary, a two-step goodwill impairment test. Factors to consider when performing the qualitative assessment include general economic conditions, limitations on accessing capital, changes in forecasted operating results, changes in fuel prices and fluctuations in foreign exchange rates. If the qualitative assessment demonstrates that it is more-likely-than-not that the estimated fair value of the reporting unit exceeds its carrying value, it is not necessary to perform the two-step goodwill impairment test. We may elect to bypass the qualitative assessment and proceed directly to step one, for any reporting unit, in any period. On a periodic basis, we elect to bypass the qualitative assessment and proceed to step one to corroborate the results of recent years' qualitative assessments. We can resume the qualitative assessment for any reporting unit in any subsequent period.

When performing the two-step goodwill impairment test, the fair value of the reporting unit is determined and compared to the carrying value of the net assets allocated to the reporting unit. We estimate the fair value of our reporting units using a probability-weighted discounted cash flow model. The estimation of fair value utilizing discounted expected future cash flows includes numerous uncertainties which require our significant judgment when making assumptions of expected revenues, operating costs, marketing, selling and administrative expenses, interest rates, ship additions and retirements as well as assumptions regarding the cruise vacation industry's competitive environment and general economic and business conditions, among other factors. The principal assumptions we use in the discounted cash flow model are projected operating results, weighted-average cost of capital, and terminal value. The discounted cash flow model uses the most current projected operating results for the upcoming fiscal year as a base. To that base, we add future years' cash flows assuming multiple revenue and expense scenarios that reflect the impact of different global economic environments beyond the base year on the reporting unit. We discount the projected cash flows using rates specific to the reporting unit based on its weighted-average cost of capital. If the fair value of the reporting unit exceeds its carrying value, no further analysis or write-down of goodwill is required. If the fair value of the reporting unit is less than the carrying value of its net assets, the implied fair value of the reporting unit is allocated to all its underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their fair value. If necessary, goodwill is then written down to its implied fair value.

The impairment review for indefinite-life intangible assets consists of a comparison of the fair value of the asset with its carrying amount. We estimate the fair value of these assets using a discounted cash flow model and various valuation methods depending on the nature of the intangible asset, such as the relief-from-royalty method for trademarks and trade names. If the carrying amount exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. If the fair value exceeds its carrying amount, the indefinite-life intangible asset is not considered impaired. As of December 31, 2018, the carrying amount of indefinite-life intangible assets was \$351.7 million, which primarily relates to the Silversea Cruises trade name acquired in the Silversea Cruises acquisition. Other intangible assets assigned finite useful lives are amortized on a straight-line basis over their estimated useful lives. Refer to Note 6, *Intangible*

Assets to our consolidated financial statements under Item 8. *Financial Statements and Supplemental Data* for further information on indefinite-life intangible assets.

We review our ships and other long-lived assets for impairment whenever events or changes in circumstances indicate, based on estimated undiscounted future cash flows, that the carrying amount of these assets may not be fully recoverable. We evaluate asset impairment at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities is at the ship level for our ships and, prior to the sale of the aircraft, at the aggregated asset group level for our aircraft. If estimated future cash flows are less than the carrying value of an asset, an impairment charge is recognized to the extent its carrying value exceeds fair value.

We estimate fair value based on quoted market prices in active markets, if available. If active markets are not available, we base fair value on independent appraisals, sales price negotiations and projected future cash flows discounted at a rate estimated by management to be commensurate with the business risk. Quoted market prices are often not available for individual reporting units and for indefinite-life intangible assets. Accordingly, we estimate the fair value of a reporting unit and an indefinite-life intangible asset using an expected present value technique.

Royal Caribbean International

During the fourth quarter of 2018, we performed a qualitative assessment of the Royal Caribbean International reporting unit. Based on our qualitative assessment, we concluded that it was more-likely-than-not that the estimated fair value of the Royal Caribbean International reporting unit exceeded its carrying value and thus, we did not proceed to the two-step goodwill impairment test. No indicators of impairment exist primarily because the reporting unit's fair value has consistently exceeded its carrying value by a significant margin and forecasts of operating results expected to be generated by the reporting unit appear sufficient to support its carrying value. As of December 31, 2018, the carrying amount of goodwill attributable to our Royal Caribbean reporting unit was \$286.7 million.

Silversea Cruises

The goodwill for the Silversea Cruises reporting unit was recorded at fair value at July 31, 2018, the acquisition date. Refer to Note 3. *Business Combination* to our consolidated financial statements under Item 8. *Financial Statements and Supplemental Data* for further information on the Silversea Cruises acquisition. During the fourth quarter of 2018, we performed a qualitative assessment of the Silversea Cruises reporting unit. Based on our qualitative assessment, we concluded that it was more-likely-than-not that the estimated fair value of the Silversea Cruises reporting unit exceeded its carrying value and thus, we did not proceed to the two-step goodwill impairment test. No indicators of impairment exist primarily because forecasts of operating results expected to be generated by the reporting unit appear sufficient to support its carrying value. As of December 31, 2018, the carrying amount of goodwill attributable to our Silversea Cruises reporting unit was \$1.1 billion.

Derivative Instruments

We enter into various forward, swap and option contracts to manage our interest rate exposure and to limit our exposure to fluctuations in foreign currency exchange rates and fuel prices. These instruments are recorded on the balance sheet at their fair value and the vast majority are designated as hedges. We also use non-derivative financial instruments designated as hedges of our net investment in our foreign operations and investments. Although certain of our derivative financial instruments do not qualify or are not accounted for under hedge accounting, we do not hold or issue derivative financial instruments for trading or other speculative purposes. We account for derivative financial instruments in accordance with authoritative guidance. Refer to Note 2. *Summary of Significant Accounting Policies* and Note 17. *Fair Value Measurements and Derivative Instruments* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for more information on related authoritative guidance, the Company's hedging programs and derivative financial instruments.

On a regular basis, we enter into foreign currency forward contracts, interest rate and fuel swaps and options with third-party institutions in over-the-counter markets. We estimate the fair value of our foreign currency forward contracts and interest rate swaps using expected future cash flows based on the instruments' contract terms and published forward prices for foreign currency exchange and interest rates. We apply present value techniques and LIBOR or EURIBOR-based discount rates to convert the expected future cash flows to the current fair value of the instruments.

We estimate the fair value of our fuel swaps using expected future cash flows based on the swaps' contract terms and forward prices. We derive forward prices from forward fuel curves based on pricing inputs provided by third-party institutions that transact in the fuel indices we hedge. We validate these pricing inputs against actual market transactions and published price quotes for similar assets. We apply present value techniques and LIBOR-based discount rates to convert the expected future cash flows to the current fair value of the instruments. We also corroborate our fair value estimates using valuations provided by our counterparties.

We adjust the valuation of our derivative financial instruments to incorporate credit risk.

We believe it is unlikely that materially different estimates for the fair value of our foreign currency forward contracts and interest rate and fuel swaps and options would be derived from other appropriate valuation models using similar assumptions, inputs or conditions suggested by actual historical experience.

Contingencies—Litigation

On an ongoing basis, we assess the potential liabilities related to any lawsuits or claims brought against us. While it is typically very difficult to determine the timing and ultimate outcome of such actions, we use our best judgment to determine if it is probable that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable loss, if any, can be made. In assessing probable losses, we take into consideration estimates of the amount of insurance recoveries, if any, which are recorded as assets when recoverability is probable. We accrue a liability when we believe a loss is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertainties related to the eventual outcome of litigation and potential insurance recoveries, it is possible that certain matters may be resolved for amounts materially different from any provisions or disclosures that we have previously made.

Seasonality

Our revenues are seasonal based on demand for cruises. Demand is strongest for cruises during the Northern Hemisphere's summer months and holidays. In order to mitigate the impact of the winter weather in the Northern Hemisphere and to capitalize on the summer season in the Southern Hemisphere, our brands have focused on deployment to the Caribbean, Asia and Australia during that period.

Financial Presentation

Description of Certain Line Items

Revenues

Our revenues are comprised of the following:

- *Passenger ticket revenues*, which consist of revenue recognized from the sale of passenger tickets and the sale of air transportation to and from our ships; and
- *Onboard and other revenues*, which consist primarily of revenues from the sale of goods and/or services onboard our ships not included in passenger ticket prices, cancellation fees, sales of vacation protection insurance and pre- and post-cruise tours. *Onboard and other revenues* also includes revenues we receive from independent third-party concessionaires that pay us a percentage of their revenues in exchange for the right to provide selected goods and/or services onboard our ships, as well as revenues received for our bareboat charter, procurement and management related services we perform on behalf of our unconsolidated affiliates.

Cruise Operating Expenses

Our cruise operating expenses are comprised of the following:

- *Commissions, transportation and other expenses*, which consist of those costs directly associated with passenger ticket revenues, including travel agent commissions, air and other transportation expenses, port costs that vary with passenger head counts and related credit card fees;

- *Onboard and other expenses*, which consist of the direct costs associated with onboard and other revenues, including the costs of products sold onboard our ships, vacation protection insurance premiums, costs associated with pre- and post-cruise tours and related credit card fees as well as the minimal costs associated with concession revenues, as the costs are mostly incurred by third-party concessionaires and costs incurred for the procurement and management related services we perform on behalf of our unconsolidated affiliates;
- *Payroll and related expenses*, which consist of costs for shipboard personnel (costs associated with our shoreside personnel are included in *Marketing, selling and administrative expenses*);
- *Food expenses*, which include food costs for both guests and crew;
- *Fuel expenses*, which include fuel and related delivery, storage and emission consumable costs and the financial impact of fuel swap agreements; and
- *Other operating expenses*, which consist primarily of operating costs such as repairs and maintenance, port costs that do not vary with passenger head counts, vessel related insurance, entertainment and gains and/or losses related to the sale of our ships, if any.

We do not allocate payroll and related expenses, food expenses, fuel expenses or other operating expenses to the expense categories attributable to passenger ticket revenues or onboard and other revenues since they are incurred to provide the total cruise vacation experience.

Selected Operational and Financial Metrics

We utilize a variety of operational and financial metrics which are defined below to evaluate our performance and financial condition. As discussed in more detail herein, certain of these metrics are non-GAAP financial measures. These non-GAAP financial measures are provided along with the related GAAP financial measures as we believe they provide useful information to investors as a supplement to our consolidated financial statements, which are prepared and presented in accordance with GAAP. The presentation of non-GAAP financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

Adjusted Earnings per Share ("Adjusted EPS") represents Adjusted Net Income attributable to Royal Caribbean Cruises Ltd. divided by weighted average shares outstanding or by diluted weighted average shares outstanding, as applicable. We believe that this non-GAAP measure is meaningful when assessing our performance on a comparative basis.

Adjusted Net Income attributable to Royal Caribbean Cruises Ltd. ("Adjusted Net Income") represents net income less net income attributable to noncontrolling interest excluding certain items that we believe adjusting for is meaningful when assessing our performance on a comparative basis. For the periods presented, these items included (i) the impairment loss related to Skysea Holding, (ii) the impairment loss and other costs related to the exit of our tour operations business, (iii) the transaction costs related to the Silversea Cruises acquisition, (iv) the amortization of the Silversea Cruises intangible assets resulting from the acquisition, (v) the noncontrolling interest adjustment to exclude the impact of the contractual accretion requirements associated with the put option held by Silversea Cruises Group Ltd.'s noncontrolling interest, (vi) the impact of the change in accounting principle related to the recognition of stock-based compensation expense from the graded attribution method to the straight-line attribution method for time-based stock awards, (vii) the net loss related to the elimination of the Pullmantur reporting lag, (viii) the net gain related to the 51% sale of the Pullmantur and CDF Croisières de France ("CDF") brands, (ix) the restructuring charges and other initiative costs related to our Pullmantur right-sizing strategy and (x) other restructuring initiatives.

Available Passenger Cruise Days ("APCD") is our measurement of capacity and represents double occupancy per cabin multiplied by the number of cruise days for the period, which excludes canceled cruise days and drydock days. We use this measure to perform capacity and rate analysis to identify our main non-capacity drivers that cause our cruise revenue and expenses to vary.

Gross Cruise Costs represent the sum of total cruise operating expenses plus marketing, selling and administrative expenses. For the periods presented, Gross Cruise Costs exclude the impairment loss and other costs related to the exit of our tour operations business, the transaction costs related to the Silversea Cruises acquisition, the impact of the

change in accounting principle related to the recognition of stock-based compensation expense from the graded attribution method to the straight-line attribution method for time-based stock awards and restructuring charges, which were included within *Marketing, selling and administrative expenses*.

Gross Yields represent total revenues per APCD.

Net Cruise Costs and *Net Cruise Costs Excluding Fuel* represent Gross Cruise Costs excluding commissions, transportation and other expenses and onboard and other expenses and, in the case of Net Cruise Costs Excluding Fuel, fuel expenses (each of which is described above under the *Description of Certain Line Items* heading). In measuring our ability to control costs in a manner that positively impacts net income, we believe changes in Net Cruise Costs and Net Cruise Costs Excluding Fuel to be the most relevant indicators of our performance. A reconciliation of historical Gross Cruise Costs to Net Cruise Costs and Net Cruise Costs Excluding Fuel is provided below under *Results of Operations*. For the periods presented, Net Cruise Costs excludes the net gain related to the 51% sale of the Pullmantur and CDF brands, restructuring charges and other initiative costs related to our Pullmantur right-sizing strategy and other restructuring initiatives.

Net Revenues represent total revenues less commissions, transportation and other expenses and onboard and other expenses (each of which is described above under the *Description of Certain Line Items* heading).

Net Yields represent Net Revenues per APCD. We utilize Net Revenues and Net Yields to manage our business on a day-to-day basis as we believe that they are the most relevant measures of our pricing performance because they reflect the cruise revenues earned by us net of our most significant variable costs, which are commissions, transportation and other expenses and onboard and other expenses. A reconciliation of historical Gross Yields to Net Yields is provided below under *Results of Operations*. For the periods presented, Net Yields excludes initiative costs related to the sale of the Pullmantur and CDF brands.

Occupancy, in accordance with cruise vacation industry practice, is calculated by dividing Passenger Cruise Days by APCD. A percentage in excess of 100% indicates that three or more passengers occupied some cabins.

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

We believe Net Yields, Net Cruise Costs and Net Cruise Costs Excluding Fuel are our most relevant non-GAAP financial measures. However, a significant portion of our revenue and expenses are denominated in currencies other than the United States dollar. Because our reporting currency is the United States dollar, the value of these revenues and expenses can be affected by changes in currency exchange rates. Although such changes in local currency prices are just one of many elements impacting our revenues and expenses, they can be an important element. For this reason, we also monitor Net Yields, Net Cruise Costs and Net Cruise Costs Excluding Fuel as if the current period's currency exchange rates had remained constant with the comparable prior period's rates, or on a "Constant Currency" basis.

It should be emphasized that Constant Currency is primarily used for comparing short-term changes and/or projections. Changes in guest sourcing and shifting the amount of purchases between currencies can change the impact of the purely currency-based fluctuations.

The use of certain significant non-GAAP measures, such as Net Yields, Net Cruise Costs and Net Cruise Costs Excluding Fuel, allows us to perform capacity and rate analysis to separate the impact of known capacity changes from other less predictable changes which affect our business. We believe these non-GAAP measures provide expanded insight to measure revenue and cost performance in addition to the standard GAAP based financial measures. There are no specific rules or regulations for determining non-GAAP and Constant Currency measures, and as such, they may not be comparable to other companies within the industry.

We have not provided a quantitative reconciliation of (i) projected Total revenues to projected Net Revenues, (ii) projected Gross Yields to projected Net Yields, (iii) projected Gross Cruise Costs to projected Net Cruise Costs and projected Net Cruise Costs Excluding Fuel and (iv) projected Net Income attributable to Royal Caribbean Cruises Ltd. and Earnings per Share to projected Adjusted Net Income and Adjusted Earnings per Share because preparation of meaningful GAAP projections of Total revenues, Gross Yields, Gross Cruise Costs, Net Income attributable to Royal Caribbean Cruises Ltd. and Earnings per Share would require unreasonable effort. Due to significant uncertainty, we

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are unable to predict, without unreasonable effort, the future movement of foreign exchange rates, fuel prices and interest rates inclusive of our related hedging programs. In addition, we are unable to determine the future impact of restructuring expenses or other non-core business related gains and losses which may result from strategic initiatives. These items are uncertain and could be material to our results of operations in accordance with GAAP. Due to this uncertainty, we do not believe that reconciling information for such projected figures would be meaningful.

Executive Overview

Our 2018 net income was \$1.8 billion, or \$8.56 per diluted share, compared to \$1.6 billion, or \$7.53 per diluted share, in 2017. Adjusted Net Income for 2018 was \$1.9 billion, or \$8.86 per diluted share, compared to \$1.6 billion, or \$7.53 per diluted share, in 2017. Adjusted EPS for 2018 represents the fifth straight year we achieved double digit earnings growth with an 18% increase compared to 2017.

Additionally, Net Yields on a Constant-Currency basis increased for the ninth consecutive year. For the year ended December 31, 2018, our Net Yields on a Constant-Currency basis increased by 4.4%, primarily driven by increases in both ticket and onboard yields. Net onboard revenue yield in 2018 grew by 5.1% year-over-year on a Constant Currency basis. Growth came from a variety of revenue enhancing initiatives, including beverage package sales and promotions, gaming initiatives and new strategies and promotions on our shore excursions, specialty restaurants and Internet services.

We remain dedicated to finding efficiencies, identifying synergies and reducing costs, while at the same time, focusing on strategic investments in areas that will boost revenue. In 2018, our Net Cruise Costs Excluding Fuel increased by 4.1% on a Constant Currency basis compared to 2017.

The Company remains focused on improving returns for our shareholders. In 2018, we bought back \$575 million shares of common stock and we have \$700 million remaining under our \$1.0 billion share repurchase program that was announced in May 2018. Consistent with our earnings growth, we also announced a 17% increase to our common stock dividend, our sixth consecutive year with a dividend increase.

For the first time in our history, in 2018, three of our Global Brands each welcomed a ship. Royal Caribbean International welcomed newbuild *Symphony of the Seas* in March; Azamara Club Cruises welcomed *Azamara Pursuit* in September; and Celebrity Cruises welcomed newbuild *Celebrity Edge* in November. Also in 2018, TUI Cruises, our 50% joint venture, took delivery of a new *Mein Schiff 1*.

In addition, in July 2018, we acquired a 66.7% equity stake in Silversea Cruises, an ultra-luxury and expedition cruise line with nine ships. This acquisition enhances our presence in the ultra-luxury and expedition markets and provide us with an opportunity to drive long-term capacity growth in these markets.

In 2019, we expect our capacity to increase by 8.6% as each of the ships added to our Global Brands' fleet in 2018 will have its first full year of sailings. In addition, our Royal Caribbean brand will welcome *Spectrum of the Seas*, our first ship tailored to the Chinese market, which will expand our commitment to that market. In the second quarter of 2019, our Celebrity Cruises brand will welcome *Celebrity Flora*, the brand's first newbuild designed specifically for the Galapagos Islands. Additionally, we will have our first full year with Silversea Cruises and will launch Perfect Day at CocoCay in Spring 2019, the first development in our *Perfect Day Island Collection*.

From an offering perspective, we are expanding our short Caribbean program that includes the newly modernized *Mariner of the Seas* and the soon-to-be modernized *Navigator of the Seas*. We are also improving our Alaska itineraries to include larger ships for both our Royal Caribbean International and Celebrity Cruises brands. Additionally, Silversea Cruises' newest ship, the *Silver Muse*, will be in Alaska and Azamara will have its first Alaskan season.

Results of Operations

In addition to the items discussed above under "Executive Overview," significant items for 2018 include:

- Our Net Income attributable to Royal Caribbean Cruises Ltd. and Adjusted Net Income for the year ended December 31, 2018 was \$1.8 billion and \$1.9 billion, or \$8.56 and \$8.86 per share on a diluted basis, respectively, as compared to both Net Income attributable to Royal Caribbean Cruises Ltd. and Adjusted Net Income of \$1.6 billion, or \$7.53 per share on a diluted basis, respectively, for the year ended December 31, 2017.
- Total revenues, excluding the effect of changes in foreign currency rates, increased by \$704.9 million for the year ended December 31, 2018 compared to the same period in 2017 primarily due to an increase in capacity and an increase in ticket prices and onboard spending on a per passenger basis, which are further discussed below.
- The effect of changes in foreign currency exchange rates related to our passenger ticket and onboard and other revenue transactions, denominated in currencies other than the United States dollar, resulted in an increase in total revenues of \$11.1 million for the year ended December 31, 2018 compared to the same period in 2017.
- Total cruise operating expenses, excluding the effect of changes in foreign currency rate, increased by \$357.5 million for the year ended December 31, 2018 compared to the same period in 2017, primarily due to an increase in capacity, which is further discussed below.
- The effect of changes in foreign currency exchange rates related to our cruise operating expenses, denominated in currencies other than the United States dollar, resulted in an increase in total operating expenses of \$8.1 million for the year ended December 31, 2018 compared to the same period in 2017.
- On July 31, 2018, we acquired a 66.7% equity stake in Silversea Cruises for \$1.02 billion in cash and contingent consideration payable upon achievement of certain 2019-2020 performance metrics by Silversea Cruises. Due to the three-month reporting lag, our consolidated results of operations for the year ended December 31, 2018 only include results for August and September 2018 for Silversea Cruises. Refer to Note 1. *General* and Note 3. *Business Combination* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information on the three-month reporting lag and the Silversea Cruises acquisition.

Other items for 2018 include:

- In March 2018, we took delivery of *Symphony of the Seas*. To finance the purchase, we borrowed \$1.2 billion under a previously committed unsecured term loan. Refer to Note 9. *Debt* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information. The ship entered service at the end of the first quarter of 2018.
- In March 2018, we completed the purchase of *Azamara Pursuit*, which entered service during the third quarter of 2018.
- In April 2018, TUI Cruises, our 50% joint venture, took delivery of a new *Mein Schiff 1* and also sold the original *Mein Schiff 1* to an affiliate of TUI AG. Due to the sale of the original *Mein Schiff 1*, we recognized a gain of \$21.8 million for the year ended December 31, 2018 related to our deferred gain from the 2009 sale of this ship to TUI Cruises. Refer to Note 8. *Other Assets* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information.
- In October 2018, we took delivery of *Celebrity Edge*. To finance the purchase, we borrowed \$729.0 million under a previously committed unsecured term loan. Refer to Note 9. *Debt* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information. The ship entered service in December 2018.
- For the year ended December 31, 2018, we recognized an impairment loss of \$23.3 million related to the Skysea Holding investment, debt facility and other receivables due, which is reported within *Other income*

(expense) within our consolidated statements of comprehensive income (loss). Refer to Note 8. *Other Assets* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information on the impairment.

We reported Net Income attributable to Royal Caribbean Cruises Ltd, Adjusted Net Income, earnings per share and Adjusted Earnings per Share as shown in the following table (in thousands, except per share data):

| | Year Ended December 31, | | |
|---|-------------------------|--------------|------------------|
| | 2018 | 2017 | 2016 |
| Net Income attributable to Royal Caribbean Cruises Ltd. | \$ 1,811,042 | \$ 1,625,133 | \$ 1,283,388 |
| Adjusted Net Income attributable to Royal Caribbean Cruises Ltd. | 1,873,363 | 1,625,133 | 1,314,689 |
| Net Adjustments to Net Income attributable to Royal Caribbean Cruises Ltd. - Increase | \$ 62,321 | \$ — | \$ 31,301 |
| Adjustments to Net Income attributable to Royal Caribbean Cruises Ltd.: | | | |
| Impairment loss related to Skysea Holding ⁽¹⁾ | \$ 23,343 | \$ — | \$ — |
| Impairment and other costs related to exit of tour operations business ⁽²⁾ | 11,255 | — | — |
| Transaction costs related to the Silversea Cruises acquisition ⁽³⁾ | 31,759 | — | — |
| Amortization of Silversea Cruises intangible assets resulting from the acquisition ⁽³⁾ | 2,046 | — | — |
| Noncontrolling interest adjustment ⁽⁴⁾ | 3,156 | — | — |
| Impact of change in accounting principle ⁽⁵⁾ | (9,238) | — | — |
| Net loss related to the elimination of the Pullmantur reporting lag | — | — | 21,656 |
| Net gain related to the sale of the Pullmantur and CDF Croisières de France brands | — | — | (3,834) |
| Restructuring charges | — | — | 8,452 |
| Other initiative costs | — | — | 5,027 |
| Net Adjustments to Net Income attributable to Royal Caribbean Cruises Ltd. - Increase | \$ 62,321 | \$ — | \$ 31,301 |
| Basic: | | | |
| Earnings per Share | \$ 8.60 | \$ 7.57 | \$ 5.96 |
| Adjusted Earnings per Share | \$ 8.90 | \$ 7.57 | \$ 6.10 |
| Diluted: | | | |
| Earnings per Share | \$ 8.56 | \$ 7.53 | \$ 5.93 |
| Adjusted Earnings per Share | \$ 8.86 | \$ 7.53 | \$ 6.08 |
| Weighted-Average Shares Outstanding: | | | |
| Basic | 210,570 | 214,617 | 215,393 |
| Diluted | 211,554 | 215,694 | 216,316 |

- (1) Refer to Note 8. *Other Assets* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for information on the impairment loss related to Skysea Holding.
- (2) In 2014, we created a tour operations business that focused on developing, marketing and selling land based tours around the world through an e-commerce platform. During the second quarter of 2018, we decided to cease operations and exit this business. As a result, we incurred exit costs, primarily consisting of fixed asset impairment charges and severance expense.
- (3) Refer to Note 3. *Business Combination* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for information on the Silversea Cruises acquisition.

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- (4) Adjustment made to exclude the impact of the contractual accretion requirements associated with the put option held by Silversea Cruises Group Ltd.'s noncontrolling interest. Refer to Note 10. *Noncontrolling Interest* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information on noncontrolling interest.
- (5) In January 2018, we elected to change our accounting policy for recognizing stock-based compensation expense from the graded attribution method to the straight-line attribution method for time-based stock awards. Refer to Note 2. *Summary of Significant Accounting Policies* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information on our accounting policy.

The following table presents operating results as a percentage of total revenues for the last three years:

| | Year Ended December 31, | | |
|--|-------------------------|----------------|----------------|
| | 2018 | 2017 | 2016 |
| Passenger ticket revenues | 71.5 % | 71.9 % | 72.4 % |
| Onboard and other revenues | 28.5 % | 28.1 % | 27.6 % |
| Total revenues | 100.0 % | 100.0 % | 100.0 % |
| Cruise operating expenses: | | | |
| Commissions, transportation and other | 15.1 % | 15.5 % | 15.9 % |
| Onboard and other | 5.7 % | 5.6 % | 5.8 % |
| Payroll and related | 9.7 % | 9.7 % | 10.4 % |
| Food | 5.5 % | 5.6 % | 5.7 % |
| Fuel | 7.5 % | 7.8 % | 8.4 % |
| Other operating | 12.0 % | 11.5 % | 12.8 % |
| Total cruise operating expenses | 55.4 % | 55.8 % | 59.0 % |
| Marketing, selling and administrative expenses | 13.7 % | 13.5 % | 13.0 % |
| Depreciation and amortization expenses | 10.9 % | 10.8 % | 10.5 % |
| Operating income | 20.0 % | 19.9 % | 17.4 % |
| Other income (expense): | | | |
| Interest income | 0.3 % | 0.3 % | 0.2 % |
| Interest expense, net of interest capitalized | (3.5)% | (3.4)% | (3.6)% |
| Equity investment income | 2.2 % | 1.8 % | 1.5 % |
| Other income (expense) | 0.1 % | (0.1)% | (0.4)% |
| | (0.8)% | (1.4)% | (2.3)% |
| Net Income | 19.1 % | 18.5 % | 15.1 % |
| Less: Net Income attributable to noncontrolling interest | 0.1 % | — % | — % |
| Net Income attributable to Royal Caribbean Cruises Ltd. | 19.1 % | 18.5 % | 15.1 % |

Selected statistical information is shown in the following table:

| | Year Ended December 31, | | |
|-----------------------|-------------------------|------------|---------------------|
| | 2018 ⁽¹⁾ | 2017 | 2016 ⁽²⁾ |
| Passengers Carried | 6,084,201 | 5,768,496 | 5,754,747 |
| Passenger Cruise Days | 41,853,052 | 40,033,527 | 40,250,557 |
| APCD | 38,425,304 | 36,930,939 | 37,844,644 |
| Occupancy | 108.9% | 108.4% | 106.4% |

- (1) Due to the three-month reporting lag, these amounts only include August and September 2018 amounts for Silversea Cruises. Refer to Note 1. *General* and Note 3. *Business Combination* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information on the three-month reporting lag and the Silversea Cruises acquisition.
- (2) These amounts do not include November and December 2015 amounts for Pullmantur as the net Pullmantur result for those months was included within *Other expense* in our consolidated statements of comprehensive income (loss) for the year ended December 31, 2016, as a result of the elimination of the Pullmantur reporting lag, and did not affect Gross Yields, Net Yields, Gross Cruise Costs,

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Net Cruise Costs and Net Cruise Costs Excluding Fuel. Additionally, effective August 2016, we no longer include Pullmantur Holdings in these amounts.

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

| | Year Ended December 31, | | | |
|--|--------------------------------|--|---------------------|---------------------|
| | 2018 | 2018 On a Constant Currency basis | 2017 | 2016 |
| Passenger ticket revenues | \$ 6,792,716 | \$ 6,784,937 | \$ 6,313,170 | \$ 6,149,323 |
| Onboard and other revenues | 2,701,133 | 2,697,798 | 2,464,675 | 2,347,078 |
| Total revenues | 9,493,849 | 9,482,735 | 8,777,845 | 8,496,401 |
| Less: | | | | |
| Commissions, transportation and other | 1,433,739 | 1,432,267 | 1,363,170 | 1,349,677 |
| Onboard and other | 537,355 | 536,941 | 495,552 | 493,558 |
| Net revenues including other initiative costs | 7,522,755 | 7,513,527 | 6,919,123 | 6,653,166 |
| Less: | | | | |
| Other initiative costs included within Net Revenues | — | — | — | (2,230) |
| Net Revenues | \$ 7,522,755 | \$ 7,513,527 | \$ 6,919,123 | \$ 6,655,396 |
| APCD | 38,425,304 | 38,425,304 | 36,930,939 | 37,844,644 |
| Gross Yields | \$ 247.07 | \$ 246.78 | \$ 237.68 | \$ 224.51 |
| Net Yields | \$ 195.78 | \$ 195.54 | \$ 187.35 | \$ 175.86 |

Gross Cruise Costs, Net Cruise Costs and Net Cruise Costs Excluding Fuel were calculated as follows (in thousands, except APCD and costs per APCD):

| | Year Ended December 31, | | | |
|---|-------------------------|--|--------------|--------------|
| | 2018 | 2018 On a Constant Currency basis | 2017 | 2016 |
| Total cruise operating expenses | \$ 5,262,207 | \$ 5,254,105 | \$ 4,896,579 | \$ 5,015,539 |
| Marketing, selling and administrative expenses ⁽¹⁾⁽²⁾ | 1,269,368 | 1,264,509 | 1,186,016 | 1,100,290 |
| Gross Cruise Costs | 6,531,575 | 6,518,614 | 6,082,595 | 6,115,829 |
| Less: | | | | |
| Commissions, transportation and other | 1,433,739 | 1,432,267 | 1,363,170 | 1,349,677 |
| Onboard and other | 537,355 | 536,941 | 495,552 | 493,558 |
| Net Cruise Costs including other initiative costs | 4,560,481 | 4,549,406 | 4,223,873 | 4,272,594 |
| Less: | | | | |
| Net gain related to the sale of Pullmantur and CDF Croisières de France brands included within other operating expenses | — | — | — | (3,834) |
| Other initiative costs included within cruise operating expenses and marketing, selling and administrative expenses | — | — | — | 2,433 |
| Net Cruise Costs | 4,560,481 | 4,549,406 | 4,223,873 | 4,273,995 |
| Less: | | | | |
| Fuel ⁽³⁾ | 710,617 | 710,621 | 681,118 | 713,252 |
| Net Cruise Costs Excluding Fuel | \$ 3,849,864 | \$ 3,838,785 | \$ 3,542,755 | \$ 3,560,743 |
| APCD | 38,425,304 | 38,425,304 | 36,930,939 | 37,844,644 |
| Gross Cruise Costs per APCD | \$ 169.98 | \$ 169.64 | \$ 164.70 | \$ 161.60 |
| Net Cruise Costs per APCD | \$ 118.68 | \$ 118.40 | \$ 114.37 | \$ 112.94 |
| Net Cruise Cost Excluding Fuel per APCD | \$ 100.19 | \$ 99.90 | \$ 95.93 | \$ 94.09 |

- (1) For the year ended December 31, 2018, the amount does not include transaction costs related to the Silversea Cruises acquisition of \$31.8 million, the impairment and other costs related to the exit of our tour operations business of \$11.3 million and the impact of the change in accounting principle of \$9.2 million related to the recognition of stock-based compensation expense. Refer to Note 2. *Summary of Significant Accounting Policies* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information on the change in an accounting principle.
- (2) For the year ended December 31, 2016, the amount does not include restructuring charges of \$8.5 million.
- (3) For the year ended December 31, 2016, the amount does not include fuel expense of \$0.4 million included within other initiative costs associated with the redeployment of Pullmantur's *Empress* to the Royal Caribbean International brand.

Outlook

The company does not make predictions about fuel pricing, interest rates or currency exchange rates but does provide guidance about its future business activities. On January 30, 2019, we announced the following initial full year and first quarter 2019 guidance based on the then current fuel pricing, interest rates and currency exchange rates:

Full Year 2019

| | As Reported | Constant Currency |
|--|----------------------------|--------------------------|
| Net Yields | 6.0% to 8.0% | 6.5% to 8.5% |
| Net Cruise Costs per APCD | 5.25% to 5.75% | 5.5% to 6.0% |
| Net Cruise Costs per APCD, excluding Fuel | 8.25% to 8.75% | 8.5% to 9.0% |
| Capacity Change | 8.6% | |
| Depreciation and Amortization | \$1,245 to \$1,255 million | |
| Interest Expense, net | \$393 to \$403 million | |
| Fuel Consumption (metric tons) | 1,486,300 | |
| Fuel Expenses | \$690 million | |
| Percent Hedged (fwd consumption) | 58% | |
| 10% change in Fuel Prices | \$37 million | |
| 1% Change in Currency | \$21 million | |
| 1% Change in Net Yields | \$87 million | |
| 1% Change in NCC x Fuel | \$45 million | |
| 100 basis pt. Change in LIBOR | \$36 million | |
| Adjusted Earnings per Share — Diluted | \$9.75 to \$10.00 | |

First Quarter 2019

| | As Reported | Constant Currency |
|--|------------------------|--------------------------|
| Net Yields | 5.5% to 6.0% | 7.5% to 8.0% |
| Net Cruise Costs per APCD | 6.5% to 7.0% | Approx. 7.5% |
| Net Cruise Costs per APCD, excluding Fuel | 9.0% to 9.5% | Approx. 10.0% |
| Capacity Change | 10.8% | |
| Depreciation and Amortization | \$289 to \$293 million | |
| Interest Expense, net | \$91 to \$95 million | |
| Fuel Consumption (metric tons) | 364,200 | |
| Fuel Expenses | \$163 million | |
| Percent Hedged (fwd consumption) | 57% | |
| 10% change in Fuel Prices | \$9 million | |
| 1% Change in Currency | \$4 million | |
| 1% Change in Net Yields | \$19 million | |
| 1% Change in NCC x Fuel | \$12 million | |
| 100 basis pt. Change in LIBOR | \$6 million | |
| Adjusted Earnings per Share — Diluted | Approx. \$1.10 | |

Since our earnings release on January 30, 2019, bookings have remained consistent with our previous expectations. Fuel prices and foreign currency exchange rates have fluctuated and are likely to continue to do so. Accordingly, except for the influence of fuel prices and foreign currency exchange rates, our forecast remains essentially unchanged.

Volatility in foreign currency exchange rates affects the United States dollar value of our earnings. Based on our highest net exposure for each quarter and the full year 2019, the top five foreign currencies are ranked below. For example, the Australian Dollar is the most impactful currency in the first and fourth quarters of 2019. Rankings are based on estimated net exposures.

| Ranking | Q1 | Q2 | Q3 | Q4 | YTD 2019 |
|---------|-----|-----|-----|-----|----------|
| 1 | AUD | GBP | GBP | AUD | GBP |
| 2 | CAD | CAD | CNH | GBP | AUD |
| 3 | GBP | AUD | EUR | EUR | CAD |
| 4 | CNH | EUR | CAD | CAD | EUR |
| 5 | EUR | CNH | AUD | CNH | CNH |

The currency abbreviations above are defined as follows:

| Currency Abbreviation | Currency |
|-----------------------|-------------------|
| AUD | Australian Dollar |
| CAD | Canadian Dollar |
| CNH | Chinese Yuan |
| EUR | Euro |
| GBP | British Pound |

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

In this section, references to 2018 refer to the year ended December 31, 2018 and references to 2017 refer to the year ended December 31, 2017.

Revenues

Total revenues for 2018 increased \$716.0 million, or 8.2%, to \$9.5 billion from \$8.8 billion in 2017.

Passenger ticket revenues comprised 71.5% of our 2018 total revenues. *Passenger ticket revenues* increased by \$479.5 million, or 7.6% from 2017. The increase was primarily due to:

- a 4.0% increase in capacity, which increased *Passenger ticket revenues* by \$255.5 million, primarily due to the addition of *Symphony of the Seas* in the second quarter of 2018, *Azamara Pursuit* in the third quarter of 2018 and, to a lesser extent, *Celebrity Edge* in the fourth quarter of 2018 and the Silversea Cruises fleet, partially offset by the sale of *Legend of the Seas* in 2017 and additional dry dock days in 2018 compared to 2017. Additionally, 2017 includes the impact of canceled sailings from hurricane-related disruptions which did not recur in 2018;
- an increase of \$216.3 million in ticket prices primarily driven by higher pricing on Asia/Pacific and Europe sailings and the increase to our ticket price on a per passenger basis due to the addition of *Symphony of the Seas*, *Azamara Pursuit*, *Celebrity Edge* and the Silversea Cruises fleet, partially offset by a decrease in pricing on Caribbean sailings; and
- the favorable effect of changes in foreign currency exchange rates related to our revenue transactions denominated in currencies other than the United States dollar of \$7.8 million.

The remaining 28.5% of 2018 total revenues was comprised of *Onboard and other revenues*, which increased \$236.5 million, or 9.6%. The increase in *Onboard and other revenues* was primarily due to:

- a \$112.5 million increase in onboard revenue attributable to higher spending on a per passenger basis primarily due to our revenue enhancing initiatives, including beverage package sales and promotions, gaming initiatives, and new strategies and promotions on our shore excursions, specialty restaurants and Internet services;
- a \$97.4 million increase attributable to the 4.0% increase in capacity noted above; and

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- a \$23.2 million increase in other revenues primarily due to cancellation fees mostly associated with non-refundable deposit promotions and the addition of Silversea Cruises.

Onboard and other revenues included concession revenues of \$339.0 million in 2018 and \$326.5 million in 2017.

Cruise Operating Expenses

Total *cruise operating expenses* for 2018 increased \$365.6 million, or 7.5%, to \$5.3 billion in 2018 from \$4.9 billion in 2017. The increase was primarily due to:

- the 4.0% increase in capacity noted above, which increased cruise operating expenses by \$198.6 million;
- a \$30.9 million gain recognized in 2017 resulting from the sale of *Legend of the Seas*, which did not recur in 2018;
- a \$37.3 million increase in payroll and related expenses primarily driven by Silversea Cruises' higher crew to passenger ratio, an increase in employee bonuses and changes in our gratuity structure;
- a \$23.5 million increase in air expense primarily related to the addition of Silversea Cruises and itinerary changes;
- a \$19.7 million increase in vessel maintenance primarily due to the timing of scheduled drydocks; and
- an unfavorable effect of changes in foreign currency exchange rates related to our cruise operating expenses denominated in currencies other than the United States dollar of \$8.1 million.

Marketing, Selling and Administrative Expenses

Marketing, selling and administrative expenses for 2018 increased \$117.1 million, or 9.9%, to \$1.3 billion from \$1.2 billion in 2017. The increase was primarily due to transaction costs incurred by us related to the Silversea Cruises acquisition, marketing, selling and administrative expenses due to the addition of Silversea Cruises, the impairment and other costs related to the exit of our tour operations business, which occurred in 2018, and an increase in payroll and benefits expense primarily driven by an increase in headcount, partially offset by lower stock prices year over year related to our performance share awards, as well as higher spending on advertisement.

Depreciation and Amortization Expenses

Depreciation and amortization expenses for 2018 increased \$82.5 million, or 8.7%, to \$1.0 billion. The increase was primarily due to the addition of *Symphony of the Seas*, *Azamara Pursuit* and Silversea Cruises to our fleet and, to a lesser extent, the addition of *Celebrity Edge*, new shipboard additions associated with our ship upgrade projects and additions related to our shoreside projects. The increase was partially offset by the sale of *Legend of the Seas* in 2017.

Other Income (Expense)

Interest expense, net of interest capitalized, increased \$33.7 million, or 11.2%, to \$333.7 million in 2018 from \$300.0 million in 2017. The increase was primarily due to a higher average debt level in 2018 compared to 2017 attributable to the financing of *Symphony of the Seas*, *Celebrity Edge* and our acquisition of Silversea Cruises in 2018, and higher interest rates in 2018 compared to 2017, partially offset by an increase in capitalized interest due to our ships on order.

Equity investment income increased \$54.5 million, or 34.9%, to \$210.8 million in 2018 from \$156.2 million in 2017 primarily due to an increase in income from TUI Cruises.

Other income was \$11.1 million in 2018 compared to *Other expense* of \$5.3 million in 2017. The change of \$16.4 million was mainly due to a gain of \$21.8 million in 2018 related to the recognition of the remaining balance of a deferred gain from the sale of *Celebrity Galaxy* to TUI Cruises in March 2009. In April 2018, TUI Cruises sold this ship to an affiliate of TUI AG, resulting in the recognition of the remaining balance of the deferred gain. In addition, *Other income* in 2018 includes a gain of \$13.7 million related to the sale of our remaining equity interest in a travel agency business that we sold in 2015. The increase in *Other income* was partially offset by an impairment charge of \$23.3 million to write down our investment balance, debt facility and other receivables due from Skysea Holding to

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their net realizable value in 2018. For further information on the deferred gain recognized and impairment charge, refer to Note 8. *Other Assets* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data*.

Gross and Net Yields

Gross and Net Yields increased 4.0% and 4.5% in 2018, respectively, compared to 2017 primarily due to the increase in passenger ticket and onboard and other revenues, which are further discussed above. Gross and Net Yields on a Constant Currency basis increased 3.8% and 4.4%, respectively, in 2018 compared to 2017.

Gross and Net Cruise Costs

Gross and Net Cruise Costs increased 7.4% and 8.0%, respectively, in 2018 compared to 2017 and Gross and Net Cruise Costs per APCD increased 3.2% and 3.8%, respectively, in 2018, compared to 2017, primarily due to the increase in cruise operating expenses discussed above. Gross and Net Cruise Costs on a Constant Currency basis increased 7.2% and 7.7% respectively, in 2018 compared to 2017.

Net Cruise Costs Excluding Fuel

Net Cruise Costs Excluding Fuel per APCD increased 4.4% in 2018 compared to 2017 and on a Constant Currency basis increased 4.1% in 2018 compared to 2017.

Other Comprehensive (Loss) Income

Other comprehensive loss in 2018 was \$293.5 million compared to *Other comprehensive income* of \$582.2 million in 2017. The change of \$875.7 million was primarily due to the *Loss on cash flow derivative hedges* in 2018 of \$286.9 million compared to the *Gain on cash flow derivative hedges* of \$570.5 million in 2017. The change of \$857.4 million in 2018 was primarily due to a decrease in foreign currency forward contract values in 2018 compared to an increase in 2017, a decrease in fuel swap instrument values in 2018 compared to an increase in 2017 and fuel swap losses recognized in income in 2017 compared to fuel swap gains recognized in income in 2018.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

In this section, references to 2017 refer to the year ended December 31, 2017 and references to 2016 refer to the year ended December 31, 2016.

Revenues

Total revenues for 2017 increased \$281.4 million, or 3.3%, to \$8.8 billion from \$8.5 billion in 2016.

Passenger ticket revenues comprised 71.9% of our 2017 total revenues. *Passenger ticket revenues* increased by \$163.8 million, or 2.7% from 2016, despite the impact of canceled sailings resulting from hurricane-related disruptions during the third quarter of 2017. The increase was primarily due to:

- an increase of \$301.8 million in ticket prices primarily driven by the improvement in our ticket price on a per passenger basis due to the exit of the Pullmantur ships and the addition of *Harmony of the Seas* and *Ovation of the Seas*, as well as higher pricing on North America and Europe sailings. The increase in ticket prices on these itineraries was partially offset by lower pricing on Asia/Pacific sailings; and
- the favorable effect of changes in foreign currency exchange rates related to our revenue transactions denominated in currencies other than the United States dollar of approximately \$10.6 million.

The increase in *Passenger ticket revenues* was partially offset by a 2.4% decrease in capacity, which decreased *Passenger ticket revenues* by \$148.5 million primarily due to the sale of our majority interest in Pullmantur Holdings during the third quarter of 2016, the sale of *Splendour of the Seas* in the second quarter of 2016 and the sale of *Legend of the Seas* in first quarter of 2017, which was partially offset by an increase in capacity due to the addition of *Ovation of the Seas* and *Harmony of the Seas* into our fleet during the second quarter of 2016.

The remaining 28.1% of 2017 total revenues was comprised of *Onboard and other revenues*, which increased \$117.6 million, or 5.0%. The increase in *Onboard and other revenues* was primarily due to:

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- a \$125.3 million increase in onboard revenue attributable to higher spending on a per passenger basis primarily due to our revenue enhancing initiatives, including beverage package, shore excursion and specialty restaurant sales and promotions and increased revenue associated with internet and other telecommunication services; and
- a \$45.7 million increase in other revenue primarily due to charter revenue and management fees earned from Pullmantur Holdings.

The increase was partially offset by a \$55.6 million decrease attributable to the 2.4% decrease in capacity noted above, including the impact of canceled sailings resulting from hurricane-related disruptions during the third quarter of 2017.

Onboard and other revenues included concession revenues of \$326.5 million in 2017 and \$316.9 million in 2016.

Cruise Operating Expenses

Total cruise operating expenses for 2017 decreased \$119.0 million, or 2.4%, to \$4.9 billion in 2017 from \$5.0 billion in 2016. The decrease was primarily due to:

- a \$120.5 million decrease attributable to the 2.4% decrease in capacity noted above;
- a \$30.9 million gain resulting from the sale of *Legend of the Seas* in 2017 compared to an immaterial gain from the sale of *Splendour of the Seas* in 2016;
- a \$17.2 million decrease in air expense due to itinerary changes and lower ticket costs;
- a \$16.8 million decrease in vessel maintenance primarily due to the timing of scheduled drydocks; and
- a \$15.5 million decrease in fuel expense, excluding the impact of the decrease in capacity. Our cost of fuel (net of the financial impact of fuel swap agreements) for 2017 decreased 4.6% per metric ton compared to 2016.

The decrease was partially offset by:

- a \$33.8 million increase in commissions expense mainly due to the increase in ticket prices discussed above and changes in commission incentives;
- a \$19.3 million increase in head taxes primarily due to itinerary changes; and
- an \$18.9 million increase in food expenses mainly due to our new culinary initiatives.

Marketing, Selling and Administrative Expenses

Marketing, selling and administrative expenses for 2017 increased \$77.3 million, or 7.0%, to \$1.2 billion from \$1.1 billion in 2016. The increase was primarily due to an increase in payroll and benefits mostly driven by higher stock prices year over year related to our performance share awards, partially offset by a decrease in expenses due to the sale of our majority interest in Pullmantur Holdings.

Depreciation and Amortization Expenses

Depreciation and amortization expenses for 2017 increased \$56.3 million, or 6.3%, to \$951.2 million from \$894.9 million in 2016. The increase was primarily due to the addition of *Ovation of the Seas* and *Harmony of the Seas* in the second quarter of 2016, new shipboard additions associated with our ship upgrade projects and, to a lesser extent, additions related to our shoreside projects. The increase was partially offset by the decrease in depreciation associated with the sale of *Legend of the Seas* in the first quarter of 2017 and, to a lesser extent, the sale of *Splendour of the Seas* in the second quarter of 2016.

Other Income (Expense)

Interest expense, net of interest capitalized, decreased \$7.4 million, or 2.4%, to \$300.0 million in 2017 from \$307.4 million in 2016. The decrease was due to a lower average debt level in 2017 compared to 2016, partially offset by higher interest rates in 2017 compared to 2016.

Equity investment income increased \$27.9 million, or 21.7%, to \$156.2 million in 2017 from \$128.4 million in 2016 primarily due to an increase in income from TUI Cruises.

Other expense decreased \$30.4 million, or 85.2%, to \$5.3 million in 2017 from \$35.7 million in 2016. The decrease was primarily due to a net loss of \$21.7 million related to the elimination of the Pullmantur reporting lag in 2016 which did not recur in 2017.

Gross and Net Yields

Gross and Net Yields increased 5.9% and 6.5% in 2017, respectively, compared to 2016 primarily due to the increase in passenger ticket and onboard and other revenues discussed above.

Gross and Net Cruise Costs

Gross Cruise Costs remained consistent in 2017 compared to 2016. Net Cruise Costs decreased 1.2% in 2017 compared to 2016 primarily due to the decrease in capacity and cruise operating expenses discussed above. Gross Cruise Costs per APCD and Net Cruise Costs per APCD increased 1.9% and 1.3% in 2017, respectively, compared to 2016. The increase was mainly due to the hurricane related disruptions during the third quarter of 2017 which reduced our capacity; however, certain operating expenses were still incurred, negatively impacting our metrics per APCD. Net Cruise Costs Excluding Fuel per APCD increased 2.0% in 2017 compared to 2016.

Other Comprehensive Income

Other comprehensive income in 2017 was \$582.2 million compared to \$411.9 million in 2016. The increase of \$170.3 million, or 41.3%, was primarily due to the *Gain on cash flow derivative hedges* in 2017 of \$570.5 million compared to \$411.2 million in 2016. The increase of \$159.3 million in 2017 was primarily due to an increase in foreign currency forward contract values in 2017 compared to a decrease in 2016, which was partially offset by lower amounts of fuel swap losses reclassified to income in 2017 and a smaller increase in fuel swap instrument values in 2017 compared to 2016.

Future Application of Accounting Standards

Refer to Note 2. *Summary of Significant Accounting Policies* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data* for further information on *Recent Accounting Pronouncements*.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash flow generated from operations provides us with a significant source of liquidity. *Net cash provided by operating activities* increased \$604.6 million to \$3.5 billion in 2018 compared to \$2.9 billion in 2017. The increase in cash provided by operating activities was primarily attributable to an increase in proceeds from customer deposits, an increase in cash receipts from onboard spending and an increase of \$133.4 million in dividends received from unconsolidated affiliates.

Net cash provided by operating activities increased \$357.9 million to \$2.9 billion in 2017 compared to \$2.5 billion in 2016. The increase in cash provided by operating activities was primarily attributable to an increase in proceeds from customer deposits, an increase in cash receipts from onboard spending and a decrease in fuel costs in 2017 compared to 2016. Additionally, dividends received from unconsolidated affiliates increased by \$33.7 million.

Net cash used in investing activities increased \$4.3 billion to \$4.5 billion in 2018 compared to \$213.6 million in 2017. The increase was primarily attributable to an increase in capital expenditures of \$3.1 billion primarily due to the

delivery of *Symphony of the Seas* and *Celebrity Edge* and to a lesser extent the purchase of *Azamara Pursuit* in 2018 compared to no ship deliveries or purchases in 2017 and \$916.1 million of cash paid for the acquisition of Silversea Cruises, net of cash acquired, in 2018 as well as \$230.0 million of proceeds received from the sale of property and equipment in 2017, which did not recur in 2018.

Net cash used in investing activities decreased \$2.5 billion to \$213.6 million in 2017 compared to \$2.7 billion in 2016. The decrease was primarily attributable to a decrease in capital expenditures of \$1.9 billion due to ship deliveries in 2016 of *Ovation of the Seas* and *Harmony of the Seas*, compared to no ship deliveries in 2017. In addition, we received \$230.0 million of proceeds from the sale of property and equipment in 2017 which did not occur in 2016. Furthermore, during 2017, we received cash of \$63.2 million on settlements on our foreign currency forward contracts compared to net cash paid of \$213.2 million during 2016.

Net cash provided by financing activities was \$1.2 billion in 2018 compared to *Net cash used in financing activities* of \$2.7 billion in 2017. The change was primarily attributable to an increase in proceeds from the issuance of commercial paper notes of \$4.7 billion in 2018 compared to none issued in 2017 and an increase in debt proceeds of \$2.7 billion in 2018 compared to 2017. The increase in debt proceeds in 2018 was primarily due to the \$1.2 billion unsecured term loan borrowed to finance *Symphony of the Seas*, the \$729.0 million unsecured term loan borrowed to finance *Celebrity Edge*, the \$700.0 million unsecured term loan borrowed to finance the acquisition of Silversea Cruises, an increase in borrowings on our revolving credit facilities and the \$130.0 million credit agreement.

This increase was partially offset by repayments of commercial paper notes of \$4.0 billion in 2018 compared to no repayments in 2017, an increase in stock repurchases of \$350.0 million and a higher amount of dividends paid during 2018 compared to 2017.

Net cash used in financing activities was \$2.7 billion in 2017 compared to *Net cash provided in financing activities* of \$243.8 million in 2016. The change was primarily attributable to a decrease in debt proceeds of \$1.5 billion, an increase in debt repayments of \$1.5 billion and a higher amount of dividends paid during 2017 compared to 2016, partially offset by a decrease of stock repurchases of \$75.0 million during 2017 compared to 2016. The decrease in debt proceeds was primarily due to the \$841.8 million unsecured term loan borrowed in 2016 to finance *Ovation of the Seas* and the €700.7 million and \$226.1 million unsecured term loans borrowed in 2016 to finance *Harmony of the Seas* that did not recur in 2017 and lower drawings on our revolving credit facilities during 2017 compared to 2016, partially offset by \$800 million in proceeds received from unsecured senior notes issued during 2017 which did not occur in 2016. The increase in repayment of debt was primarily due to higher payments on our revolving credit facilities.

Future Capital Commitments

Our future capital commitments consist primarily of new ship orders. As of December 31, 2018, we have one Oasis-class ship, two Quantum-class ships and two ships of a new generation, known as our Icon-class, on order for our Royal Caribbean International brand with an aggregate capacity of approximately 25,300 berths. As of December 31, 2018, we have three Edge-class ships and a ship designed for the Galapagos Islands on order for our Celebrity Cruises brand with an aggregate capacity of approximately 9,400 berths. Additionally as of December 31, 2018, we have three ships on order for our Silversea Cruises brand with an aggregate capacity of approximately 1,200 berths. Refer to Item 1. *Business-Operations* for further information on our ships on order. For each of these orders, we have committed financing arrangements in place covering 80% of the cost of the ship, almost all of which include sovereign financing guarantees.

As of December 31, 2018, the aggregate cost of our ships on order, not including any ships on order by our Partner Brands and the Silversea Cruises ships that remain contingent upon final documentation and financing, was approximately \$11.4 billion, of which we had deposited \$651.7 million as of such date. Approximately 53.5% of the aggregate cost was exposed to fluctuations in the Euro exchange rate at December 31, 2018. (Refer to Note 17. *Fair Value Measurements and Derivative Instruments* and Note 18. *Commitments and Contingencies* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data*).

In February 2019, we entered into an agreement with Chantiers de l'Atlantique to build the sixth Oasis-class ship for Royal Caribbean International. The ship is expected to have an aggregate capacity of approximately 5,700 berths

and is expected to enter service in the fourth quarter of 2023. The order with Chantiers de l'Atlantique is contingent upon completion of conditions precedent and financing, which is expected to be completed in 2019.

As of December 31, 2018, anticipated overall capital expenditures, based on our existing ships on order, are approximately \$2.9 billion for 2019, \$3.3 billion for 2020, \$2.9 billion for 2021 and \$3.4 billion for 2022.

Contractual Obligations

As of December 31, 2018, our contractual obligations were as follows (in thousands):

| | Payments due by period | | | | |
|--|------------------------|---------------------|---------------------|---------------------|----------------------|
| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Operating Activities: | | | | | |
| Operating lease obligations ⁽¹⁾ | \$ 677,316 | \$ 67,682 | \$ 120,380 | \$ 105,281 | \$ 383,973 |
| Interest on long-term debt ⁽²⁾ | 1,654,937 | 349,736 | 510,679 | 414,775 | 379,747 |
| Other ⁽³⁾ | 819,841 | 224,253 | 321,225 | 124,668 | 149,695 |
| Investing Activities: | | | | | |
| Ship purchase obligations ⁽⁴⁾ | 9,075,882 | 1,241,657 | 4,107,744 | 2,500,756 | 1,225,725 |
| Financing Activities: | | | | | |
| Commercial paper ⁽⁵⁾ | 775,488 | 775,488 | — | — | — |
| Debt obligations ⁽⁶⁾ | 9,871,267 | 1,614,506 | 2,456,251 | 2,252,831 | 3,547,679 |
| Capital lease obligations ⁽⁷⁾ | 130,944 | 32,335 | 69,703 | 19,168 | 9,738 |
| Other ⁽⁸⁾ | 18,365 | 8,018 | 8,632 | 1,715 | — |
| Total | \$ 23,024,040 | \$ 4,313,675 | \$ 7,594,614 | \$ 5,419,194 | \$ 5,696,557 |

- (1) We are obligated under noncancelable operating leases primarily for offices, warehouses and motor vehicles. Amounts represent contractual obligations with initial terms in excess of one year.
- (2) Debt obligations mature at various dates through fiscal year 2036 and bear interest at fixed and variable rates. Interest on variable-rate debt is calculated based on forecasted debt balances, including the impact of interest rate swap agreements, using the applicable rate at December 31, 2018. Debt denominated in other currencies is calculated based on the applicable exchange rate at December 31, 2018.
- (3) Amounts primarily represent future commitments with remaining terms in excess of one year to pay for our usage of certain port facilities, marine consumables, services and maintenance contracts.
- (4) Amounts do not include potential obligations which remain subject to cancellation at our sole discretion and activity related to Silversea Cruises during the three-month reporting lag period. Additionally, amounts do not include the conditional agreement with Meyer Werft for the two Silversea Cruises ships of a new generation.
- (5) Refer to Note 9. *Debt* to our consolidated financial statements under Item 8. *Financial Statements and Supplemental Data* to our consolidated financial statements for further information.
- (6) Debt denominated in other currencies is calculated based on the applicable exchange rate at December 31, 2018. In addition, debt obligations presented above are net of debt issuance costs of \$206.7 million as of December 31, 2018.
- (7) Amounts represent capital lease obligations with initial terms in excess of one year.
- (8) Amounts represent fees payable to sovereign guarantors in connection with certain of our export credit debt facilities and facility fees on our revolving credit facilities.

Please refer to *Funding Needs and Sources* below for discussion on the planned funding of the above contractual obligations.

As a normal part of our business, depending on market conditions, pricing and our overall growth strategy, we continuously consider opportunities to enter into contracts for the building of additional ships. We may also consider the sale of ships or the purchase of existing ships. We continuously consider potential acquisitions and strategic alliances.

If any of these were to occur, they would be financed through the incurrence of additional indebtedness, the issuance of additional shares of equity securities or through cash flows from operations.

Off-Balance Sheet Arrangements

We and TUI AG have each guaranteed the repayment by TUI Cruises of 50% of a bank loan. As of December 31, 2018, the outstanding principal amount of the loan was €37.0 million, or approximately \$42.3 million, based on the exchange rate at December 31, 2018. The loan amortizes quarterly and is currently secured by a first mortgage on *Mein Schiff Herz*, previously known as *Mein Schiff 2*. Based on current facts and circumstances, we do not believe potential obligations under our guarantee of this bank loan are probable.

TUI Cruises has entered into various ship construction and credit agreements that include certain restrictions on each of our and TUI AG's ability to reduce our current ownership interest in TUI Cruises below 37.55% through May 2031.

In July 2016, we executed an agreement with Miami Dade County ("MDC"), which was simultaneously assigned to Sumitomo Banking Corporation ("SMBC"), to lease land from MDC and construct a new cruise terminal of approximately 170,000 square feet at PortMiami in Miami, Florida, which was completed during the fourth quarter of 2018 and serves as a homeport. During the construction period, SMBC funded the costs of the terminal's construction and land lease. Once the terminal was substantially completed, we commenced operating and leasing the terminal from SMBC for a five-year term. We determined that the lease arrangement between SMBC and us should be accounted for as an operating lease.

Some of the contracts that we enter into include indemnification provisions that obligate us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes, increased lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and are entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. We have not been required to make any payments under such indemnification clauses in the past and, under current circumstances, we do not believe an indemnification obligation is probable.

As of December 31, 2018, other than the items described above, we are not party to any other off-balance sheet arrangements, including guarantee contracts, retained or contingent interest, certain derivative instruments and variable interest entities, that either have, or are reasonably likely to have, a current or future material effect on our financial position.

Funding Needs and Sources

We have significant contractual obligations of which our debt service obligations and the capital expenditures associated with our ship purchases represent our largest funding needs. As of December 31, 2018, we had approximately \$4.3 billion in contractual obligations due through December 31, 2019 of which approximately \$1.6 billion relates to debt maturities, \$349.7 million relates to interest on long-term debt and \$1.2 billion relates to progress payments on our ship orders and the final installments payable due upon the deliveries of *Spectrum of the Seas* and *Celebrity Flora* in 2019. We have historically relied on a combination of cash flows provided by operations, drawdowns under our available credit facilities, the incurrence of additional debt and/or the refinancing of our existing debt and the issuance of additional shares of equity securities to fund these obligations.

As of December 31, 2018, we had a working capital deficit of \$5.9 billion, which included \$1.6 billion of current portion of debt, including capital leases, and \$775.5 million of commercial paper. As of December 31, 2017, we had a working capital deficit of \$3.9 billion, which included \$1.2 billion of current portion of debt, including capital leases. Similar to others in our industry, we operate with a substantial working capital deficit. This deficit is mainly attributable to the fact that, under our business model, a vast majority of our passenger ticket receipts are collected in advance of the applicable sailing date. These advance passenger receipts remain a current liability until the sailing date. The cash generated from these advance receipts is used interchangeably with cash on hand from other sources, such as our revolving credit facilities, commercial paper and other cash from operations. The cash received as advanced receipts

can be used to fund operating expenses for the applicable future sailing or otherwise, pay down our revolving credit facilities and commercial paper notes, invest in long term investments or any other use of cash. In addition, we have a relatively low-level of accounts receivable and rapid turnover results in a limited investment in inventories. We generate substantial cash flows from operations, and our business model, along with our unsecured revolving credit facilities, has historically allowed us to maintain this working capital deficit and still meet our operating, investing and financing needs. We expect that we will continue to have working capital deficits in the future.

As of December 31, 2018, we had liquidity of \$1.3 billion, consisting of \$287.9 million in cash and cash equivalents and \$1.0 billion available under our unsecured credit facilities, net of our outstanding commercial paper notes. We anticipate that our cash flows from operations and our current financing arrangements, as described above, will be adequate to meet our capital expenditures and debt repayments over the next twelve-month period.

As of December 31, 2018, we have \$700.0 million that remains available for future common stock repurchase transactions under a 24-month common stock repurchase program for up to \$1.0 billion authorized by our board of directors in May 2018. Repurchases under the program may be made at management's discretion from time to time on the open market or through privately negotiated transactions and are expected to be funded from available cash or borrowings under our revolving credit facilities. Refer to Note 11. *Shareholders' Equity* to our consolidated financial statements under Item 8. *Financial Statements and Supplemental Data* for further information.

If any person acquires ownership of more than 50% of our common stock or, subject to certain exceptions, during any 24-month period, a majority of our board of directors is no longer comprised of individuals who were members of our board of directors on the first day of such period, we may be obligated to prepay indebtedness outstanding under our credit facilities, which we may be unable to replace on similar terms. Our public debt securities also contain change of control provisions that would be triggered by a third-party acquisition of greater than 50% of our common stock coupled with a ratings downgrade. If this were to occur, it would have an adverse impact on our liquidity and operations.

Debt Covenants

Certain of our financing agreements contain covenants that require us, among other things, to maintain minimum net worth of at least \$8.9 billion, a fixed charge coverage ratio of at least 1.25x and limit our net debt-to-capital ratio to no more than 62.5%. The fixed charge coverage ratio is calculated by dividing net cash from operations for the past four quarters by the sum of dividend payments plus scheduled principal debt payments in excess of any new financings for the past four quarters. Our minimum net worth and maximum net debt-to-capital calculations exclude the impact of *Accumulated other comprehensive loss* on *Total shareholders' equity*. We were well in excess of all debt covenant requirements as of December 31, 2018. The specific covenants and related definitions can be found in the applicable debt agreements, the majority of which have been previously filed with the Securities and Exchange Commission.

Dividends

In December 2018, we declared a cash dividend on our common stock of \$0.70 per share which was paid in the first quarter of 2019. We declared a cash dividend on our common stock of \$0.70 per share during the third quarter of 2018 which was paid in the fourth quarter of 2018. During the first and second quarters of 2018, we declared a cash dividend on our common stock of \$0.60 per share which was paid in the second and third quarters of 2018, respectively. During the first quarter of 2018, we also paid a cash dividend on our common stock of \$0.60 per share which was declared during the fourth quarter of 2017.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk**Financial Instruments and Other***General*

We are exposed to market risk attributable to changes in interest rates, foreign currency exchange rates and fuel prices. We try to mitigate these risks through a combination of our normal operating and financing activities and through the use of derivative financial instruments pursuant to our hedging practices and policies. The financial impact of these hedging instruments is primarily offset by corresponding changes in the underlying exposures being hedged. We achieve this by closely matching the amount, term and conditions of the derivative instrument with the underlying risk being hedged. Although certain of our derivative financial instruments do not qualify or are not accounted for under hedge accounting, our objective is not to hold or issue derivative financial instruments for trading or other speculative purposes. (Refer to Note 17. *Fair Value Measurements and Derivative Instruments* to our consolidated financial statements under Item 8. *Financial Statements and Supplementary Data*.)

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates to our long-term debt obligations including future interest payments. At December 31, 2018, approximately 59.1% of our long-term debt was effectively fixed as compared to 57.4% as of December 31, 2017. We use interest rate swap agreements to modify our exposure to interest rate movements and to manage our interest expense.

Market risk associated with our long-term fixed rate debt is the potential increase in fair value resulting from a decrease in interest rates. We use interest rate swap agreements that effectively convert a portion of our fixed-rate debt to a floating-rate basis to manage this risk. At December 31, 2018 and 2017, we maintained interest rate swap agreements on the following fixed-rate debt instruments:

| <u>Debt Instrument</u> | <u>Swap Notional as of December 31, 2018 (In thousands)</u> | <u>Maturity</u> | <u>Debt Fixed Rate</u> | <u>Swap Floating Rate: LIBOR plus</u> | <u>All-in Swap Floating Rate as of December 31, 2018</u> |
|-----------------------------|---|-----------------|----------------------------|---|--|
| Oasis of the Seas term loan | \$ 105,000 | October 2021 | 5.41% | 3.87% | 6.63% |
| Unsecured senior notes | 650,000 | November 2022 | 5.25% | 3.63% | 6.25% |
| | <u>\$ 755,000</u> | | | | |

These interest rate swap agreements are accounted for as fair value hedges.

The estimated fair value of our long-term fixed-rate debt at December 31, 2018 was \$2.7 billion, using quoted market prices, where available, or using the present value of expected future cash flows which incorporates risk profile. The fair value of our fixed to floating interest rate swap agreements was estimated to be a liability of \$25.4 million as of December 31, 2018, based on the present value of expected future cash flows. A hypothetical one percentage point decrease in interest rates at December 31, 2018 would increase the fair value of our hedged and unhedged long-term fixed-rate debt by approximately \$133.9 million and would increase the fair value of our fixed to floating interest rate swap agreements by approximately \$24.3 million.

Market risk associated with our long-term floating-rate debt is the potential increase in interest expense from an increase in interest rates. We use interest rate swap agreements that effectively convert a portion of our floating-rate debt to a fixed-rate basis to manage this risk. A hypothetical one percentage point increase in interest rates would increase our forecasted 2019 interest expense by approximately \$35.7 million, assuming no change in foreign currency exchange rates.

At December 31, 2018 and 2017, we maintained interest rate swap agreements on the following floating-rate debt instruments:

| <u>Debt Instrument</u> | <u>Swap Notional as of</u> | | <u>Maturity</u> | <u>Debt Floating Rate</u> | | <u>All-in Swap Fixed Rate</u> |
|---|----------------------------|------------------|-----------------|---------------------------|-------|-------------------------------|
| | <u>December 31, 2018</u> | | | | | |
| | <u>(In thousands)</u> | | | | | |
| <i>Celebrity Reflection</i> term loan | \$ | 327,250 | October 2024 | LIBOR plus | 0.40% | 2.85% |
| <i>Quantum of the Seas</i> term loan | | 490,000 | October 2026 | LIBOR plus | 1.30% | 3.74% |
| <i>Anthem of the Seas</i> term loan | | 513,542 | April 2027 | LIBOR plus | 1.30% | 3.86% |
| <i>Ovation of the Seas</i> term loan | | 657,083 | April 2028 | LIBOR plus | 1.00% | 3.16% |
| <i>Harmony of the Seas</i> term loan ⁽¹⁾ | | 627,660 | May 2028 | EURIBOR plus | 1.15% | 2.26% |
| | \$ | <u>2,615,535</u> | | | | |

(1) Interest rate swap agreements hedging the Euro-denominated term loan for *Harmony of the Seas* include EURIBOR zero-floors matching the hedged debt EURIBOR zero-floor. Amount presented is based on the exchange rate as of December 31, 2018.

These interest rate swap agreements are accounted for as cash flow hedges.

The fair value of our floating to fixed interest rate swap agreements was estimated to be an asset of \$7.6 million as of December 31, 2018 based on the present value of expected future cash flows. These interest rate swap agreements are accounted for as cash flow hedges.

Foreign Currency Exchange Rate Risk

Our primary exposure to foreign currency exchange rate risk relates to our ship construction contracts denominated in Euros, our foreign currency denominated debt and our international business operations. On a regular basis, we enter into foreign currency forward contracts and, from time to time, we utilize cross-currency swap agreements and collar options to manage portions of the exposure to movements in foreign currency exchange rates.

The estimated fair value, as of December 31, 2018, of our Euro-denominated forward contracts associated with our ship construction contracts was a liability of \$40.7 million, based on the present value of expected future cash flows. As of December 31, 2018, the aggregate cost of our ships on order, not including ships on order by our Partner Brands and the Silversea Cruises ships that remain contingent upon final documentation and financing, was approximately \$11.4 billion, of which we had deposited \$651.7 million as of such date. Approximately 53.5% and 54.0% of the aggregate cost of the ships under construction was exposed to fluctuations in the Euro exchange rate at December 31, 2018 and 2017, respectively. A hypothetical 10% strengthening of the Euro as of December 31, 2018, assuming no changes in comparative interest rates, would result in a \$609.0 million increase in the United States dollar cost of the foreign currency denominated ship construction contracts exposed to fluctuations in the Euro exchange rate. Our foreign currency forward contract agreements are accounted for as cash flow or net investment hedges depending on the designation of the related hedge.

Our international business operations subject us to foreign currency exchange risk. We transact business in many different foreign currencies and maintain investments in foreign operations which may expose us to financial market risk resulting from fluctuations in foreign currency exchange rates. Movements in foreign currency exchange rates may affect the value of our earnings in foreign currencies and cash flows. We manage most of this exposure on a consolidated basis, which allows us to take advantage of any natural offsets. Therefore, weakness in one particular currency might be offset by strengths in other currencies over time. The extent to which one currency is effective as a natural offset of another currency fluctuates over time. In addition, some foreign currency exposures have little to no mitigating natural offsets available.

We consider our investments in our foreign operations to be denominated in relatively stable currencies and of a long-term nature. As of December 31, 2018, we maintained foreign currency forward contracts and designated them as hedges of a portion of our net investment in TUI Cruises of €101.0 million, or approximately \$115.5 million based on the exchange rate at December 31, 2018. These forward currency contracts mature in October 2021.

We also address the exposure of our investments in foreign operations by denominating a portion of our debt in our subsidiaries' and investments' functional currencies and designating it as a hedge of these subsidiaries and investments. We had designated debt as a hedge of our net investments primarily in TUI Cruises of approximately €280.0 million, or approximately \$320.2 million, through December 31, 2018. As of December 31, 2017, we had designated debt as a hedge of our net investments primarily in TUI Cruises of approximately €246.0 million, or approximately \$295.3 million.

We have included approximately \$86.1 million and \$68.5 million of foreign-currency transaction losses and of changes in the fair value of derivatives in the foreign currency translation adjustment component of *Accumulated other comprehensive loss* at December 31, 2018 and 2017, respectively.

On a regular basis, we enter into foreign currency forward contracts and, from time to time, we utilize cross-currency swap agreements and collar options to minimize the volatility resulting from the remeasurement of net monetary assets and liabilities denominated in a currency other than our functional currency or the functional currencies of our foreign subsidiaries. During 2018, we maintained an average of approximately \$741.5 million of these foreign currency forward contracts. These instruments are not designated as hedging instruments. For the years ended December 31, 2018, 2017 and 2016 changes in the fair value of the foreign currency forward contracts resulted in (losses) gains of approximately \$(62.4) million, \$62.0 million and \$(51.1) million, respectively, which offset gains (losses) arising from the remeasurement of monetary assets and liabilities denominated in foreign currencies in those same years of \$57.6 million, \$(75.6) million and \$39.8 million, respectively. These changes were recognized in earnings within *Other income (expense)* in our consolidated statements of comprehensive income (loss).

Fuel Price Risk

Our exposure to market risk for changes in fuel prices relates primarily to the consumption of fuel on our ships. Fuel cost (net of the financial impact of fuel swap agreements), as a percentage of our total revenues, was approximately 7.5% in 2018, 7.8% in 2017 and 8.4% in 2016. We use fuel swap agreements to mitigate the financial impact of fluctuations in fuel prices.

As of December 31, 2018, we had fuel swap agreements to pay fixed prices for fuel with an aggregate notional amount of approximately \$1.1 billion, maturing through 2022. The fuel swap agreements represented 58% of our projected 2019 fuel requirements, 54% of our projected 2020 fuel requirements, 28% of our projected 2021 fuel requirements and 19% of our projected 2022 fuel requirements. These fuel swap agreements are generally accounted for as cash flow hedges. The estimated fair value of these contracts at December 31, 2018 was estimated to be an liability of \$79.6 million. We estimate that a hypothetical 10% increase in our weighted-average fuel price from that experienced during the year ended December 31, 2018 would increase our forecasted 2019 fuel cost by approximately \$37.0 million, net of the impact of fuel swap agreements.

Item 8. Financial Statements and Supplementary Data

Our Consolidated Financial Statements and Quarterly Selected Financial Data are included beginning on page F-1 of this report.

Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chairman and Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined in Exchange Act Rule 13a-15(e), as of the end of the period covered by this report. Based upon such evaluation, our Chairman and Chief Executive Officer and Chief Financial Officer concluded that those controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chairman and Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's (the "SEC") rules and forms.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our management, with the participation of our Chairman and Chief Executive Officer and our Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2018.

In July 31, 2018, we acquired Silversea Cruise Holding Ltd. ("Silversea Cruises"). Due to the timing of this acquisition, we excluded Silversea Cruises from the scope of our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2018. The total assets, excluding goodwill and identifiable intangible assets, and total revenues of Silversea Cruises represent approximately 5.0% and 1.4%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2018. This exclusion is in accordance with the general guidance issued by the SEC Staff that an assessment of a recent business acquisition may be omitted from management's report on internal control over financial reporting in the first year of consolidation. We are in the process of evaluating the controls and procedures at Silversea Cruises and integrating Silversea Cruises into our internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2018 has been audited by PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, as stated in its report, which is included herein on page F-2.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rule 13a-15(d) during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.

Item 9B. Other Information

None.

PART III

Items 10, 11, 12, 13 and 14. Directors, Executive Officers and Corporate Governance; Executive Compensation; Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters; Certain Relationships and Related Transactions; and Director Independence and Principal Accountant Fees and Services.

Except for information concerning executive officers (called for by Item 401(b) of Regulation S-K), which is included in Part I of this Annual Report on Form 10-K, the information required by Items 10, 11, 12, 13 and 14 is incorporated herein by reference to certain sections of the Royal Caribbean Cruises Ltd. Definitive Proxy Statement relating to our 2019 Annual Meeting of Shareholders (the "Proxy Statement") to be filed with the Securities and Exchange Commission no later than 120 days after the close of the fiscal year. Please refer to the following sections in the Proxy Statement for more information: "*Corporate Governance*"; "*Proposal 1—Election of Directors*"; "*Certain Relationships and Related Person Transactions*"; "*Section 16(a) Beneficial Ownership Reporting Compliance*"; "*Executive Compensation*"; "*Security Ownership of Certain Beneficial Owners and Management*"; and "*Proposal 3—Ratification of Principal Independent Registered Public Accounting Firm.*" Copies of the Proxy Statement will become available when filed through our Investor Relations website at www.rclcorporate.com (please see "Financial Reports" under "Financial Information"); by contacting our Investor Relations department at 1050 Caribbean Way, Miami, Florida 33132—telephone (305) 982-2625; or by visiting the SEC's website at www.sec.gov.

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, including our executive officers, and our directors. A copy of the Code of Business Conduct and Ethics is posted in the corporate governance section of our website at www.rclcorporate.com and is available in print, without charge, to shareholders upon written request to our Corporate Secretary at Royal Caribbean Cruises, Ltd., 1050 Caribbean Way, Miami, Florida 33132. Any amendments to the code or any waivers from any provisions of the code granted to executive officers or directors will be promptly disclosed to investors by posting on our website at www.rclcorporate.com. None of the websites referenced in this Annual Report on Form 10-K or the information contained therein is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Financial Statements

Our Consolidated Financial Statements have been prepared in accordance with Item 8. *Financial Statements and Supplementary Data* and are included beginning on page F-1 of this report.

(2) Financial Statement Schedules

None.

(3) Exhibits

Exhibits 10.30 through 10.49 represent management compensatory plans or arrangements.

| Exhibit Number | Exhibit Description | Incorporated By Reference | | |
|----------------|--|---------------------------|---------|---------------------------------|
| | | Form | Exhibit | Filing Date/ Period End Date |
| 3.1 | Restated Articles of Incorporation of the Company, as amended (composite) | S-3 | 3.1 | 3/23/2009 |
| 3.2 | Amended and Restated By-Laws of the Company, as amended | 8-K | 3.1 | 12/6/2018 |
| 4.1 | Indenture dated as of July 15, 1994, by and between the Company, as issuer, and The Bank of New York Trust Company, N.A., successor to NationsBank of Georgia, National Association, as Trustee | 20-F | 2.4 | 12/31/1994 |
| 4.2 | Sixth Supplemental Indenture dated as of October 14, 1997, to the Indenture, dated as of July 15, 1994, by and between the Company, as issuer, and The Bank of New York Trust Company, N.A., as Trustee | 20-F | 2.11 | 12/31/1997 |
| 4.3 | Eighth Supplemental Indenture dated as of March 16, 1998, to the Indenture, dated as of July 15, 1994, by and between the Company, as issuer, and The Bank of New York Trust Company, N.A., as Trustee | 20-F | 2.13 | 12/31/1997 |
| 4.4 | Form of Indenture, dated as of July 31, 2006, by and between the Company, as issuer, and The Bank of New York Trust Company, N.A., as Trustee | S-3 | 4.1 | 7/31/2006 |
| 4.5 | Second Supplemental Indenture dated as of November 7, 2012 between the Company, as issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee | 8-K | 4.1 | 11/7/2012 |
| 4.6 | Third Supplemental Indenture, dated as of November 28, 2017 between the Company, as issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee | 8-K | 4.1 | 11/28/2017 |
| 4.7 | Indenture dated as of January 30, 2017 among Silversea Cruise Finance Ltd., as issuer, Citibank, N.A., London Branch, as Trustee, as Principal Paying Agent and as Security Agent, and Citigroup Global Markets Deutschland AG, as Registrar* | | | |
| 4.8 | Supplemental Indenture dated as of February 1, 2017 by and among Silversea Cruise Finance Ltd., as issuer, the other parties listed as New Guarantors, and Citibank, N.A., London Branch, as Trustee* | | | |
| 4.9 | Second Supplemental Indenture dated as of February 1, 2019 by and between Silversea Cruise Finance Ltd., as issuer, and Citibank, N.A., London Branch, as Trustee* | | | |
| 10.1 | Amended and Restated Registration Rights Agreement dated as of July 30, 1997, by and among the Company, A. Wilhelmsen AS., Cruise Associates, Monument Capital Corporation, Archinav Holdings, Ltd. and Overseas Cruiseship, Inc. | 20-F | 2.20 | 12/31/1997 |
| 10.2 | Amendment to the Credit Agreement, dated as of December 4, 2017, by and among the Company, the various financial institutions as are or shall become parties thereto and The Bank of Nova Scotia, as administrative agent for the lender parties | 8-K | 10.1 | 12/7/2017 |

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| Exhibit Number | Exhibit Description | Incorporated By Reference | | |
|----------------|---|---------------------------|---------|---------------------------------|
| | | Form | Exhibit | Filing Date/ Period End Date |
| 10.3 | Amendment to the Credit Agreement, dated as of October 12, 2017, by and among the Company, the various financial institutions as are or shall become parties thereto and Nordea Bank AB (PUBL), New York branch, as administrative agent for the lender parties | 8-K | 10.3 | 10/17/2017 |
| 10.4 | Amendment No. 4 to Hull No. S-697 Credit Agreement, dated as of February 2, 2016, by and between the Company, the Lenders from time to time party thereto, the Mandated Lead Arrangers and KfW IPEX-Bank GmbH, as Hermes Agent and Facility Agent | 10-K | 10.7 | 12/31/2015 |
| 10.5 | Amendment No. 5 to Hull No. S-697 Credit Agreement, dated as of July 3, 2018, by and between the Company, the Lenders from time to time party thereto, the Mandated Lead Arrangers and KfW IPEX-Bank GmbH, as Hermes Agent and Facility Agent | 10-Q | 10.4 | 6/30/2018 |
| 10.6 | Amendment No. 4 to Hull No. S-698 Credit Agreement, dated as of February 3, 2016, by and between the Company, the Lenders from time to time party thereto, the Mandated Lead Arrangers and KfW IPEX-Bank GmbH, as Hermes Agent and Facility Agent | 10-K | 10.8 | 12/31/2015 |
| 10.7 | Amendment No. 5 to Hull No. S-698 Credit Agreement, dated as of July 3, 2018, by and between the Company, the Lenders from time to time party thereto, the Mandated Lead Arrangers and KfW IPEX-Bank GmbH, as Hermes Agent and Facility Agent | 10-Q | 10.5 | 6/30/2018 |
| 10.8 | Amendment No. 1 to Hull No. S-699 Credit Agreement, dated as of March 31, 2016, by and between the Company, the Lenders from time to time party thereto, the Mandated Lead Arrangers and KfW IPEX-Bank GmbH, as Hermes Agent and Facility Agent | 10-Q | 10.1 | 3/31/2016 |
| 10.9 | Amendment No. 2 to Hull No. S-699 Credit Agreement, dated as of July 3, 2018, by and between the Company, the Lenders from time to time party thereto, the Mandated Lead Arrangers and KfW IPEX-Bank GmbH, as Hermes Agent and Facility Agent | 10-Q | 10.6 | 6/30/2018 |
| 10.10 | Amendment and Restatement Agreement, dated as of January 15, 2016, in respect of a Facility Agreement dated, as of July 9, 2013, by and between the Company, the Lenders from time to time party thereto, Société Générale, as Facility Agent and Mandated Lead Arranger, BNP Paribas, as Documentation Bank and Mandated Lead Arranger, and HSBC France, as Mandated Lead Arranger | 10-K | 10.10 | 12/31/2015 |
| 10.11 | Hull No. B34 Credit Agreement, dated as of January 30, 2015, as novated, amended and restated on the Actual Delivery Date pursuant to a novation agreement dated January 30, 2015 (as amended), between Royal Caribbean Cruises Ltd., Citibank N.A., London Branch, Citibank Europe plc, UK Branch, and the banks and financial institutions as lender parties thereto | 10-Q | 10.1 | 3/31/2018 |
| 10.12 | Hull No. S-700 Credit Agreement, dated as of November 13, 2015, by and among the Company, the Lenders from time to time party thereto and KfW IPEX-Bank GmbH, as Hermes Agent, Facility Agent and Initial Mandated Lead Arranger | 8-K | 10.1 | 11/19/2015 |
| 10.13 | Amendment No. 1 to Hull No. S-700 Credit Agreement, dated as of November 13, 2015, by and among the Company, the Lenders from time to time party thereto and KfW IPEX-Bank GmbH, as Hermes Agent, Facility Agent and Initial Mandated Lead Arranger | 10-Q | 10.7 | 6/30/2018 |
| 10.14 | Amendment No. 2 to Hull No. S-700 Credit Agreement, dated as of July 3, 2018, by and among the Company, the Lenders from time to time party thereto and KfW IPEX-Bank GmbH, as Hermes Agent, Facility Agent and Initial Mandated Lead Arranger | 10-Q | 10.8 | 6/30/2018 |
| 10.15 | Hull No. S-713 Credit Agreement, dated as of November 13, 2015, by and among the Company, the Lenders from time to time party thereto and KfW IPEX-Bank GmbH, as Hermes Agent, Facility Agent and Initial Mandated Lead Arranger. | 8-K | 10.2 | 11/19/2015 |

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| Exhibit Number | Exhibit Description | Incorporated By Reference | | |
|----------------|---|---------------------------|---------|---------------------------------|
| | | Form | Exhibit | Filing Date/ Period End Date |
| 10.16 | Amendment No. 1 to Hull No. S-713 Credit Agreement, dated as of September 7, 2016, by and among the Company, the Lenders from time to time party thereto and KfW IPEX-Bank GmbH, as Hermes Agent, Facility Agent and Initial Mandated Lead Arranger | 10-Q | 10.9 | 6/30/2018 |
| 10.17 | Amendment No. 2 to Hull No. S-713 Credit Agreement, dated as of July 3, 2018, by and among the Company, the Lenders from time to time party thereto and KfW IPEX-Bank GmbH, as Hermes Agent, Facility Agent and Initial Mandated Lead Arranger | 10-Q | 10.10 | 6/30/2018 |
| 10.18 | Hull No. J34 Credit Agreement, dated as of June 22, 2016, as novated, amended and restated on the Actual Delivery Date pursuant to a novation agreement dated June 22, 2016 (as amended), between Royal Caribbean Cruises Ltd., Citibank N.A., London Branch, Citibank Europe plc, UK Branch, and the banks and financial institutions as lender parties thereto* | | | |
| 10.19 | Novation Agreement, dated as of June 22, 2016, by and between Azairmia Finance Ltd., Royal Caribbean Cruises Ltd., Citibank Europe Plc, UK Branch, Citicorp Trustee Company Limited, Citibank N.A., London Branch, HSBC France, Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch and the banks and financial institutions as lender parties thereto | 8-K | 10.2 | 6/28/2016 |
| 10.20 | First Supplemental Agreement, dated as of October 5, 2018, relating to Hull No. K34 and the Novation Agreement, dated as of June 22, 2016, by and between Azairmia Finance Ltd., Royal Caribbean Cruises Ltd., Citibank Europe Plc, UK Branch, Citicorp Trustee Company Limited, Citibank N.A., London Branch, HSBC France, Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch, and the banks and financial institutions as lender parties thereto* | | | |
| 10.21 | Novation Agreement, dated as of July 24, 2017, between Hibisyeu Finance Ltd., Royal Caribbean Cruises Ltd., Citibank Europe Plc, UK Branch, Citicorp Trustee Company Limited, Citibank N.A., London Branch, HSBC France, Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch and the banks and financial institutions as lender parties thereto | 8-K | 10.1 | 7/28/2017 |
| 10.22 | Novation Agreement, dated as of July 24, 2017, between Hoediscus Finance Ltd., Royal Caribbean Cruises Ltd., Citibank Europe Plc, UK Branch, Citicorp Trustee Company Limited, Citibank N.A., London Branch, HSBC France, Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch and the banks and financial institutions as lender parties thereto | 8-K | 10.2 | 7/28/2017 |
| 10.23 | Novation Agreement, dated as of July 24, 2017, between Houatorris Finance Ltd., Royal Caribbean Cruises Ltd., Citibank Europe Plc, UK Branch, Citicorp Trustee Company Limited, Citibank N.A., London Branch, HSBC France, Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch and the banks and financial institutions as lender parties thereto | 8-K | 10.3 | 7/28/2017 |
| 10.24 | Icon 1 Hull No. S-1400 Credit Agreement, dated as of October 11, 2017, between Royal Caribbean Cruises Ltd., as the Borrower, the Lenders from time to time party thereto, KfW IPEX-Bank GmbH, as Hermes Agent, Facility Agent, Documentation Agent and Initial Mandated Lead Arranger and BNP Paribas Fortis SA/NV as Finnvera Agent | 8-K | 10.1 | 10/17/2017 |
| 10.25 | Amendment No. 1 to Icon 1 Hull No. S-1400 Credit Agreement, dated as of July 3, 2018, between Royal Caribbean Cruises Ltd., as the Borrower, the Lenders from time to time party thereto, KfW IPEX-Bank GmbH, as Hermes Agent, Facility Agent, Documentation Agent and Initial Mandated Lead Arranger and BNP Paribas Fortis SA/NV as Finnvera Agent | 10-Q | 10.11 | 6/30/2018 |
| 10.26 | Icon 2 Hull No. S-1401 Credit Agreement, dated as of October 11, 2017, between Royal Caribbean Cruises Ltd., as the Borrower, the Lenders from time to time party thereto, KfW IPEX-Bank GmbH, as Hermes Agent, Facility Agent, Documentation Agent and Initial Mandated Lead Arranger and BNP Paribas Fortis SA/NV as Finnvera Agent | 8-K | 10.2 | 10/17/2017 |

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| Exhibit Number | Exhibit Description | Incorporated By Reference | | |
|----------------|--|---------------------------|---------|---------------------------------|
| | | Form | Exhibit | Filing Date/ Period End Date |
| 10.27 | Amendment No. 1 to Icon 2 Hull No. S-1401 Credit Agreement, dated as of July 3, 2018, between Royal Caribbean Cruises Ltd., as the Borrower, the Lenders from time to time party thereto, KfW IPEX-Bank GmbH, as Hermes Agent, Facility Agent, Documentation Agent and Initial Mandated Lead Arranger and BNP Paribas Fortis SA/NV as Finnvera Agent | 10-Q | 10.12 | 6/30/2018 |
| 10.28 | Loan Agreement, dated as of June 29, 2018, among Royal Caribbean Cruises Ltd., as the Borrower, the Lenders from time to time party thereto, and JP Morgan Chase Bank, N.A. as Administrative Agent and Bank of America, N.A., Citigroup Global Markets Limited, Goldman Sachs Bank USA and Morgan Stanley Senior Funding, Inc. as Co-Syndication Agents | 8-K | 10.1 | 7/5/2018 |
| 10.29 | Commercial Paper Dealer Agreement, dated June 14, 2018, between Royal Caribbean Cruises Ltd., as issuer, and the dealer party thereto | 8-K | 10.1 | 6/18/2018 |
| 10.30 | Royal Caribbean Cruises Ltd. 2008 Equity Incentive Plan (as amended) | 10-K | 10.17 | 12/31/2016 |
| 10.31 | Form of 2008 Equity Incentive Plan Stock Option Award Agreement—Incentive Options | 10-Q | 10.3 | 9/30/2008 |
| 10.32 | Form of 2008 Equity Incentive Plan Stock Option Award Agreement—Nonqualified Options | 10-Q | 10.4 | 9/30/2008 |
| 10.33 | Form of 2008 Equity Incentive Plan Restricted Stock Unit Agreement— Executive Officer Grants | 10-K | 10.23 | 12/31/2013 |
| 10.34 | Form of 2008 Equity Incentive Plan Restricted Stock Unit Agreement— Executive Officer Grants (Non-Vesting Into Retirement) | 10-Q | 10.7 | 9/30/2017 |
| 10.35 | Form of 2008 Equity Incentive Plan Restricted Stock Unit Agreement—Director Grants | 10-K | 10.31 | 12/31/2010 |
| 10.36 | Form of 2008 Equity Incentive Plan Performance Shares Agreement | 10-K | 10.27 | 12/31/2014 |
| 10.37 | Form of 2008 Equity Incentive Plan Performance-Based Restricted Shares Agreement | 10-K | 10.26 | 12/31/2015 |
| 10.38 | Employment Agreement, dated as of December 31, 2012, by and between the Company and Richard D. Fain | 10-K | 10.22 | 12/31/2012 |
| 10.39 | Employment Agreement, dated as of May 20, 2013, by and between the Company and Jason T. Liberty | 10-Q | 10.2 | 6/30/2013 |
| 10.40 | Employment Agreement, dated as of July 16, 2015, by and between the Company and Michael W. Bayley | 10-Q | 10.3 | 6/30/2015 |
| 10.41 | Form of First Amendment to Employment Agreement, dated as of February 6, 2015 (entered into between the Company and each of Messrs. Fain and Liberty) | 10-K | 10.33 | 12/31/2014 |
| 10.42 | Employment Agreement dated as of August 3, 2015, by and between Celebrity Cruises Inc. and Lisa Lutoff-Perlo | 10-K | 10.31 | 12/31/2016 |
| 10.43 | Royal Caribbean Cruises Ltd. Executive Short-Term Bonus Plan | 10-Q | 10.4 | 6/30/2015 |
| 10.44 | Royal Caribbean Cruises Ltd. Supplemental Executive Retirement Plan | 8-K | 10.3 | 12/8/2005 |
| 10.45 | Amendment to Royal Caribbean Cruises Ltd. Supplemental Executive Retirement Plan | 10-K | 10.31 | 12/31/2006 |
| 10.46 | Amendment to Royal Caribbean Cruises Ltd. Supplemental Executive Retirement Plan | 10-K | 10.31 | 12/31/2007 |
| 10.47 | Amendment to Royal Caribbean Cruises Ltd. Supplemental Executive Retirement Plan | 10-Q | 10.1 | 9/30/2008 |
| 10.48 | Amendment to Royal Caribbean Cruises Ltd. Supplemental Executive Retirement Plan | 10-K | 10.38 | 12/31/2008 |
| 10.49 | Cruise Policy for Members of the Board of Directors of the Company | 10-K | 10.35 | 12/31/2013 |
| 18.1 | Preferability Letter Regarding Change in Accounting Principle* | | | |
| 21.1 | List of Subsidiaries* | | | |

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| Exhibit Number | Exhibit Description | Incorporated By Reference | | |
|----------------|--|---------------------------|---------|---------------------------------|
| | | Form | Exhibit | Filing Date/ Period End Date |
| 23.1 | Consent of PricewaterhouseCoopers LLP, an independent registered public accounting firm* | | | |
| 23.2 | Consent of Drinker Biddle & Reath LLP* | | | |
| 24.1 | Power of Attorney* | | | |
| 31.1 | Certification of Richard D. Fain required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934* | | | |
| 31.2 | Certification of Jason T. Liberty required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934* | | | |
| 32.1 | Certification of Richard D. Fain and Jason T. Liberty pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code** | | | |

* Filed herewith

** Furnished herewith

Interactive Data File

101 The following financial statements from Royal Caribbean Cruises Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2018 formatted in XBRL are as follows:

(i) the Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2018, 2017 and 2016;

(ii) the Consolidated Balance Sheets at December 31, 2018 and 2017;

(iii) the Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016;

(iv) the Consolidated Statements of Shareholders' Equity for the years ended December 31, 2018, 2017 and 2016; and

(v) the Notes to the Consolidated Financial Statements, tagged in summary and detail.

Item 16. Form 10-K Summary

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.

ROYAL CARIBBEAN CRUISES LTD.

(Registrant)

By: /s/ JASON T. LIBERTY

Jason T. Liberty *Executive Vice President, Chief Financial Officer*

(Principal Financial Officer and duly authorized signatory)

February 22, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 22, 2019.

/s/ RICHARD D. FAIN

Richard D. Fain
Director, Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ JASON T. LIBERTY

ROYAL CARIBBEAN CRUISES LTD.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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| Consolidated Statements of Comprehensive Income (Loss) | F-4 |
| Consolidated Balance Sheets | F-5 |
| Consolidated Statements of Cash Flows | F-6 |
| Consolidated Statements of Shareholders' Equity | F-8 |
| Notes to the Consolidated Financial Statements | F-9 |

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Royal Caribbean Cruises Ltd.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Royal Caribbean Cruises Ltd. and its subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for stock-based compensation expense in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded Silversea Cruises from its assessment of internal control over financial reporting as of December 31, 2018 because it was acquired by the Company in a purchase business combination during 2018. We have also excluded Silversea Cruises from our audit of internal control over financial reporting. Silversea Cruises is a majority-owned subsidiary whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent 5.0% and 1.4%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2018.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and

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procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Miami, Florida

February 22, 2019

We have served as the Company's auditor since at least 1989, which includes periods before the Company became subject to SEC reporting requirements. We have not been able to determine the specific year we began serving as auditor of the Company.

ROYAL CARIBBEAN CRUISES LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

| | Year Ended December 31, | | |
|--|---------------------------------------|---------------------|---------------------|
| | 2018 | 2017 | 2016 |
| | (in thousands, except per share data) | | |
| Passenger ticket revenues | \$ 6,792,716 | \$ 6,313,170 | \$ 6,149,323 |
| Onboard and other revenues | 2,701,133 | 2,464,675 | 2,347,078 |
| Total revenues | 9,493,849 | 8,777,845 | 8,496,401 |
| Cruise operating expenses: | | | |
| Commissions, transportation and other | 1,433,739 | 1,363,170 | 1,349,677 |
| Onboard and other | 537,355 | 495,552 | 493,558 |
| Payroll and related | 924,985 | 852,990 | 882,891 |
| Food | 520,909 | 492,857 | 485,673 |
| Fuel | 710,617 | 681,118 | 713,676 |
| Other operating | 1,134,602 | 1,010,892 | 1,090,064 |
| Total cruise operating expenses | 5,262,207 | 4,896,579 | 5,015,539 |
| Marketing, selling and administrative expenses | 1,303,144 | 1,186,016 | 1,108,742 |
| Depreciation and amortization expenses | 1,033,697 | 951,194 | 894,915 |
| Operating Income | 1,894,801 | 1,744,056 | 1,477,205 |
| Other income (expense): | | | |
| Interest income | 32,800 | 30,101 | 20,856 |
| Interest expense, net of interest capitalized | (333,672) | (299,982) | (307,370) |
| Equity investment income | 210,756 | 156,247 | 128,350 |
| Other income (expense) ⁽¹⁾ | 11,107 | (5,289) | (35,653) |
| | (79,009) | (118,923) | (193,817) |
| Net Income | 1,815,792 | 1,625,133 | 1,283,388 |
| Less: Net Income attributable to noncontrolling interest | 4,750 | — | — |
| Net Income attributable to Royal Caribbean Cruises Ltd. | \$ 1,811,042 | \$ 1,625,133 | \$ 1,283,388 |
| Earnings per Share: | | | |
| Basic | \$ 8.60 | \$ 7.57 | \$ 5.96 |
| Diluted | \$ 8.56 | \$ 7.53 | \$ 5.93 |
| Comprehensive Income (Loss) | | | |
| Net Income | \$ 1,815,792 | \$ 1,625,133 | \$ 1,283,388 |
| Other comprehensive income (loss): | | | |
| Foreign currency translation adjustments | (14,251) | 17,307 | 2,362 |
| Change in defined benefit plans | 7,643 | (5,583) | (1,636) |
| (Loss) gain on cash flow derivative hedges | (286,861) | 570,495 | 411,223 |
| Total other comprehensive (loss) income | (293,469) | 582,219 | 411,949 |
| Comprehensive Income | \$ 1,522,323 | \$ 2,207,352 | \$ 1,695,337 |
| Less: Comprehensive Income attributable to noncontrolling interest | 4,750 | — | — |
| Comprehensive Income attributable to Royal Caribbean Cruises Ltd. | \$ 1,517,573 | \$ 2,207,352 | \$ 1,695,337 |

(1) For the year ended December 31, 2016, *Other income (expense)* included a \$21.7 million loss related to the 2016 elimination of the Pullmantur reporting lag.

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

ROYAL CARIBBEAN CRUISES LTD.
CONSOLIDATED BALANCE SHEETS

| | As of December 31, | |
|--|----------------------|----------------------|
| | 2018 | 2017 |
| (in thousands, except share data) | | |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 287,852 | \$ 120,112 |
| Trade and other receivables, net | 324,507 | 318,641 |
| Inventories | 153,573 | 111,393 |
| Prepaid expenses and other assets | 456,547 | 258,171 |
| Derivative financial instruments | 19,565 | 99,320 |
| Total current assets | 1,242,044 | 907,637 |
| Property and equipment, net | 23,466,163 | 19,735,180 |
| Goodwill | 1,378,353 | 288,512 |
| Other assets | 1,611,710 | 1,429,597 |
| Total assets | \$ 27,698,270 | \$ 22,360,926 |
| Liabilities, redeemable noncontrolling interest and shareholders' equity | | |
| Current liabilities | | |
| Current portion of long-term debt | \$ 1,646,841 | \$ 1,188,514 |
| Commercial paper | 775,488 | — |
| Accounts payable | 488,212 | 360,113 |
| Accrued interest | 74,550 | 47,469 |
| Accrued expenses and other liabilities | 899,761 | 903,022 |
| Derivative financial instruments | 78,476 | 47,464 |
| Customer deposits | 3,148,837 | 2,308,291 |
| Total current liabilities | 7,112,165 | 4,854,873 |
| Long-term debt | 8,355,370 | 6,350,937 |
| Other long-term liabilities | 583,254 | 452,813 |
| Total liabilities | 16,050,789 | 11,658,623 |
| Commitments and contingencies (Note 18) | | |
| Redeemable noncontrolling interest | 542,020 | — |
| Shareholders' equity | | |
| Preferred stock (\$0.01 par value; 20,000,000 shares authorized; none outstanding) | — | — |
| Common stock (\$0.01 par value; 500,000,000 shares authorized; 235,847,683 and 235,198,901 shares issued, December 31, 2018 and December 31, 2017, respectively) | 2,358 | 2,352 |
| Paid-in capital | 3,420,900 | 3,390,117 |
| Retained earnings | 10,263,282 | 9,022,405 |
| Accumulated other comprehensive loss | (627,734) | (334,265) |
| Treasury stock (26,830,765 and 21,861,308 common shares at cost, December 31, 2018 and December 31, 2017, respectively) | (1,953,345) | (1,378,306) |
| Total shareholders' equity | 11,105,461 | 10,702,303 |
| Total liabilities, redeemable noncontrolling interest and shareholders' equity | \$ 27,698,270 | \$ 22,360,926 |

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

ROYAL CARIBBEAN CRUISES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year Ended December 31, | | |
|---|-------------------------|--------------|--------------|
| | 2018 | 2017 | 2016 |
| Operating Activities | | | |
| Net Income | \$ 1,815,792 | \$ 1,625,133 | \$ 1,283,388 |
| Adjustments: | | | |
| Depreciation and amortization | 1,033,697 | 951,194 | 894,915 |
| Impairment losses | 33,651 | — | — |
| Net deferred income tax (benefit) expense | (2,679) | 1,730 | 2,608 |
| Loss (gain) on derivative instruments not designated as hedges | 61,148 | (61,704) | 45,670 |
| Share-based compensation expense | 46,061 | 69,459 | 32,659 |
| Equity investment income | (210,756) | (156,247) | (128,350) |
| Amortization of debt issuance costs | 41,978 | 45,943 | 52,795 |
| Gain on sale of property and equipment | — | (30,902) | — |
| Gain on sale of unconsolidated affiliate | (13,680) | — | — |
| Recognition of deferred gain | (21,794) | — | — |
| Changes in operating assets and liabilities: | | | |
| (Increase) decrease in trade and other receivables, net | (9,573) | (32,043) | 4,759 |
| (Increase) decrease in inventories | (23,849) | 2,424 | (1,679) |
| (Increase) decrease in prepaid expenses and other assets | (71,770) | 20,859 | 11,519 |
| Increase in accounts payable | 91,737 | 36,780 | 29,564 |
| Increase in accrued interest | 18,773 | 1,303 | 7,841 |
| Increase in accrued expenses and other liabilities | 42,937 | 34,215 | 20,718 |
| Increase in customer deposits | 385,990 | 274,705 | 188,632 |
| Dividends received from unconsolidated affiliates | 243,101 | 109,677 | 75,942 |
| Other, net | 18,375 | (17,960) | (4,291) |
| Net cash provided by operating activities | 3,479,139 | 2,874,566 | 2,516,690 |
| Investing Activities | | | |
| Purchases of property and equipment | (3,660,028) | (564,138) | (2,494,363) |
| Cash received on settlement of derivative financial instruments | 76,529 | 63,224 | 110,637 |
| Cash paid on settlement of derivative financial instruments | (98,074) | — | (323,839) |
| Investments in and loans to unconsolidated affiliates | (27,172) | (10,396) | (9,155) |
| Cash received on loans to unconsolidated affiliates | 124,238 | 62,303 | 38,213 |
| Proceeds from the sale of property and equipment | — | 230,000 | — |
| Proceeds from the sale of unconsolidated affiliate | 13,215 | — | — |
| Acquisition of Silversea Cruises, net of cash acquired | (916,135) | — | — |
| Other, net ⁽¹⁾ | (1,731) | 5,415 | (46,385) |
| Net cash used in investing activities | (4,489,158) | (213,592) | (2,724,892) |
| Financing Activities | | | |
| Debt proceeds | 8,590,740 | 5,866,966 | 7,338,560 |
| Debt issuance costs | (81,959) | (51,590) | (88,241) |
| Repayments of debt | (6,963,511) | (7,835,087) | (6,365,570) |
| Proceeds from issuance of commercial paper notes | 4,730,286 | — | — |
| Repayments of commercial paper notes | (3,965,450) | — | — |

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

ROYAL CARIBBEAN CRUISES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

| | Year Ended December 31, | | |
|---|-------------------------|-------------|------------|
| | 2018 | 2017 | 2016 |
| Purchase of treasury stock | (575,039) | (224,998) | (299,960) |
| Dividends paid | (527,494) | (437,455) | (346,487) |
| Proceeds from exercise of common stock options | 4,264 | 2,525 | 2,258 |
| Other, net | (13,764) | 3,843 | 3,249 |
| Net cash provided by (used in) financing activities | 1,198,073 | (2,675,796) | 243,809 |
| Effect of exchange rate changes on cash | (20,314) | 2,331 | (24,569) |
| Net increase (decrease) in cash and cash equivalents | 167,740 | (12,491) | 11,038 |
| Cash and cash equivalents at beginning of year | 120,112 | 132,603 | 121,565 |
| Cash and cash equivalents at end of year | \$ 287,852 | \$ 120,112 | \$ 132,603 |
| Supplemental Disclosures | | | |
| Cash paid during the year for: | | | |
| Interest, net of amount capitalized | \$ 252,466 | \$ 249,615 | \$ 256,775 |
| Non-Cash Investing Activities | | | |
| Contingent consideration for the acquisition of Silversea Cruises | \$ 44,000 | \$ — | \$ — |
| Purchases of property and equipment included in accounts payable and accrued expenses and other liabilities | \$ — | \$ 139,644 | \$ — |
| Notes receivable issued upon sale of property and equipment | \$ — | \$ 20,409 | \$ 213,042 |

(1) Amount includes \$26.0 million in 2016 related to cash included in the divestiture of Pullmantur Holdings.

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

ROYAL CARIBBEAN CRUISES LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

| | Common Stock | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Total Shareholders' Equity |
|---|-----------------|---------------------|----------------------|---|-----------------------|----------------------------|
| (in thousands) | | | | | | |
| Balances at January 1, 2016 | \$ 2,339 | \$ 3,297,619 | \$ 6,944,862 | \$ (1,328,433) | \$ (853,348) | \$ 8,063,039 |
| Activity related to employee stock plans | 7 | 30,898 | — | — | — | 30,905 |
| Common stock dividends, \$1.71 per share | — | — | (367,909) | — | — | (367,909) |
| Changes related to cash flow derivative hedges | — | — | — | 411,223 | — | 411,223 |
| Change in defined benefit plans | — | — | — | (1,636) | — | (1,636) |
| Foreign currency translation adjustments | — | — | — | 2,362 | — | 2,362 |
| Purchase of treasury stock | — | — | — | — | (299,960) | (299,960) |
| Net Income attributable to Royal Caribbean Cruises Ltd. | — | — | 1,283,388 | — | — | 1,283,388 |
| Balances at December 31, 2016 | 2,346 | 3,328,517 | 7,860,341 | (916,484) | (1,153,308) | 9,121,412 |
| Activity related to employee stock plans | 6 | 61,600 | — | — | — | 61,606 |
| Common stock dividends, \$2.16 per share | — | — | (463,069) | — | — | (463,069) |
| Changes related to cash flow derivative hedges | — | — | — | 570,495 | — | 570,495 |
| Change in defined benefit plans | — | — | — | (5,583) | — | (5,583) |
| Foreign currency translation adjustments | — | — | — | 17,307 | — | 17,307 |
| Purchases of treasury stock | — | — | — | — | (224,998) | (224,998) |
| Net Income attributable to Royal Caribbean Cruises Ltd. | — | — | 1,625,133 | — | — | 1,625,133 |
| Balances at December 31, 2017 | 2,352 | 3,390,117 | 9,022,405 | (334,265) | (1,378,306) | 10,702,303 |
| Cumulative effect of accounting changes | — | — | (23,476) | — | — | (23,476) |
| Activity related to employee stock plans | 6 | 30,783 | — | — | — | 30,789 |
| Common stock dividends, \$2.60 per share | — | — | (546,689) | — | — | (546,689) |
| Changes related to cash flow derivative hedges | — | — | — | (286,861) | — | (286,861) |
| Change in defined benefit plans | — | — | — | 7,643 | — | 7,643 |
| Foreign currency translation adjustments | — | — | — | (14,251) | — | (14,251) |
| Purchases of treasury stock | — | — | — | — | (575,039) | (575,039) |
| Net Income attributable to Royal Caribbean Cruises Ltd. | — | — | 1,811,042 | — | — | 1,811,042 |
| Balances at December 31, 2018 | \$ 2,358 | \$ 3,420,900 | \$ 10,263,282 | \$ (627,734) | \$ (1,953,345) | \$ 11,105,461 |

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

ROYAL CARIBBEAN CRUISES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. General

Description of Business

We are a global cruise company. We own and operate four global cruise brands: Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises and, most recently, Silversea Cruises (collectively, our "Global Brands"). We also own a 50% joint venture interest in the German brand TUI Cruises and a 49% interest in the Spanish brand Pullmantur (collectively, our "Partner Brands"). We account for our investments in our Partner Brands under the equity method of accounting. Together, our Global Brands and our Partner Brands operate a combined 60 ships as of December 31, 2018. Our ships operate on a selection of worldwide itineraries that call on more than 1,000 destinations on all seven continents.

On July 31, 2018, we acquired a 66.7% equity stake in Silversea Cruise Holding Ltd. ("Silversea Cruises"), an ultra-luxury and expedition cruise line with nine ships, from Silversea Cruises Group Ltd. ("SCG") for \$1.02 billion in cash and contingent consideration. Refer to Note 3. *Business Combination* for further information on the Silversea Cruises acquisition.

In March 2018, we and Ctrip.com International Ltd. ("Ctrip") announced the decision to end the Skysea Holding International Ltd. ("Skysea Holding") venture in which we have a 36% ownership interest. Skysea Holding ceased cruising operations in September 2018, and in December 2018, the *Golden Era*, the ship operated by SkySea Cruises, and owned by a wholly-owned subsidiary of Skysea Holding, was sold to an affiliate of TUI AG, our joint venture partner in TUI Cruises. Refer to Note 8. *Other Assets* for further information regarding our investment in SkySea Holding.

Basis for Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Estimates are required for the preparation of financial statements in accordance with these principles. Actual results could differ from these estimates. Refer to Note 2. *Summary of Significant Accounting Policies* for a discussion of our significant accounting policies.

All significant intercompany accounts and transactions are eliminated in consolidation. We consolidate entities over which we have control, usually evidenced by a direct ownership interest of greater than 50%, and variable interest entities where we are determined to be the primary beneficiary. Refer to Note 8. *Other Assets* for further information regarding our variable interest entities. We consolidate the operating results of Silversea Cruises on a three-month reporting lag to allow for more timely preparation of our consolidated financial statements. No material events or other transactions involving Silversea Cruises have occurred from September 30, 2018 through December 31, 2018 that would require further disclosure or adjustment to our consolidated financial statements as of and for the year ended December 31, 2018. For affiliates we do not control but over which we have significant influence on financial and operating policies, usually evidenced by a direct ownership interest from 20% to 50%, the investment is accounted for using the equity method.

Effective July 31, 2016, we sold 51% of our interest in Pullmantur Holdings, the parent company of the Pullmantur brand. We retained a 49% interest in Pullmantur Holdings as well as full ownership of the four vessels currently operated by the Pullmantur brand under bareboat charter arrangements. Prior to January 1, 2016, we consolidated the operating results of Pullmantur Holdings on a two-month reporting lag to allow for more timely preparation of our consolidated financial statements. Effective January 1, 2016, we eliminated the two-month reporting lag to reflect Pullmantur Holdings' financial position, results of operations and cash flows concurrently and consistently with the fiscal calendar of the Company ("elimination of the Pullmantur reporting lag") and accounted for this change in accounting principle in our consolidated results for the year ended December 31, 2016. The impact of the elimination of the reporting lag was immaterial for our fiscal year ended December 31, 2016. Accordingly, the results of Pullmantur Holdings for November and December 2015 were included in our statement of comprehensive income (loss) for the year ended

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2016. The effect of this change was a decrease to net income of \$21.7 million, which has been reported within *Other income (expense)* in our consolidated statements of comprehensive income (loss) for the year ended December 31, 2016.

Note 2. Summary of Significant Accounting Policies

Revenues and Expenses

Deposits received on sales of passenger cruises are initially recorded as customer deposit liabilities on our balance sheet. Customer deposits are subsequently recognized as passenger ticket revenues, together with revenues from onboard and other goods and services and all associated cruise operating expenses of a voyage. For further information on revenue recognition, refer to Note. 4 *Revenues*.

Cash and Cash Equivalents

Cash and cash equivalents include cash and marketable securities with original maturities of less than 90 days.

Inventories

Inventories consist of provisions, supplies and fuel carried at the lower of cost (weighted-average) or net realizable value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. We capitalize interest as part of the cost of acquiring certain assets. Improvement costs that we believe add value to our ships are capitalized as additions to the ship and depreciated over the shorter of the improvements' estimated useful lives or that of the associated ship. The estimated cost and accumulated depreciation of replaced or refurbished ship components are written off and any resulting losses are recognized in *Cruise operating expenses*. Liquidated damages received from shipyards as a result of the late delivery of a new ship are recorded as reductions to the cost basis of the ship.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful life of the asset. The useful lives of our ships are generally 30 years, net of a 15% projected residual value. The 30-year useful life of our newly constructed ships and 15% associated residual value are both based on the weighted-average of all major components of a ship. Our useful life and residual value estimates take into consideration the impact of anticipated technological changes, long-term cruise and vacation market conditions and historical useful lives of similarly-built ships. In addition, we take into consideration our estimates of the weighted-average useful lives of the ships' major component systems, such as hull, superstructure, main electric, engines and cabins. Depreciation for assets under capital leases is computed using the shorter of the lease term or related asset life.

Depreciation of property and equipment is computed utilizing the following useful lives:

| | Years |
|------------------------------------|---|
| Ships | generally 30 |
| Ship improvements | 3-20 |
| Buildings and improvements | 10-40 |
| Computer hardware and software | 3-10 |
| Transportation equipment and other | 3-30 |
| Leasehold improvements | Shorter of remaining lease term or useful life 3-30 |

We review long-lived assets for impairment whenever events or changes in circumstances indicate, based on estimated undiscounted future cash flows, that the carrying amount of these assets may not be fully recoverable. For purposes of recognition and measurement of an impairment loss, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and liabilities. The lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities is at the ship level for our ships. If estimated future cash flows are less than the carrying value of an asset, an impairment charge is recognized to the extent its carrying value exceeds fair value.

We use the deferral method to account for drydocking costs. Under the deferral method, drydocking costs incurred are deferred and charged to expense on a straight-line basis over the period to the next scheduled drydock, which we estimate to be a period of thirty to sixty months based on the vessel's age as required by Class. Deferred drydock costs consist of the costs to drydock the vessel and other costs incurred in connection with the drydock which are necessary to maintain the vessel's Class certification. Class certification is necessary in order for our cruise ships to be flagged in a specific country, obtain liability insurance and legally operate as passenger cruise ships. The activities associated with those drydocking costs cannot be performed while the vessel is in service and, as such, are done during a drydock as a planned major maintenance activity. The significant deferred drydock costs consist of hauling and wharfage services provided by the drydock facility, hull inspection and related activities (e.g., scraping, pressure cleaning, bottom painting), maintenance to steering propulsion, thruster equipment and ballast tanks, port services such as tugs, pilotage and line handling, and freight associated with these items. We perform a detailed analysis of the various activities performed for each drydock and only defer those costs that are directly related to planned major maintenance activities necessary to maintain Class. The costs deferred are not otherwise routinely periodically performed to maintain a vessel's designed and intended operating capability. Repairs and maintenance activities are charged to expense as incurred.

Goodwill

Goodwill represents the excess of cost over the fair value of net tangible and identifiable intangible assets acquired. We review goodwill for impairment at the reporting unit level annually or, when events or circumstances dictate, more frequently. The impairment review for goodwill consists of a qualitative assessment of whether it is more-likely-than-not that a reporting unit's fair value is less than its carrying amount, and if necessary, a two-step goodwill impairment test. Factors to consider when performing the qualitative assessment include general economic conditions, limitations on accessing capital, changes in forecasted operating results, changes in fuel prices and fluctuations in foreign exchange rates. If the qualitative assessment demonstrates that it is more-likely-than-not that the estimated fair value of the reporting unit exceeds its carrying value, it is not necessary to perform the two-step goodwill impairment test. We may elect to bypass the qualitative assessment and proceed directly to step one, for any reporting unit, in any period. On a periodic basis, we elect to bypass the qualitative assessment and proceed to step one to corroborate the results of recent years' qualitative assessments. We can resume the qualitative assessment for any reporting unit in any subsequent period. When performing the two-step goodwill impairment test, the fair value of the reporting unit is determined and compared to the carrying value of the net assets allocated to the reporting unit. If the fair value of the reporting unit exceeds its carrying value, no further analysis or write-down of goodwill is required. If the fair value of the reporting unit is less than the carrying value of its net assets, the implied fair value of the reporting unit is allocated to all its underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their fair value. If necessary, goodwill is then written down to its implied fair value.

Intangible Assets

In connection with our acquisitions, we have acquired certain intangible assets to which value has been assigned based on our estimates. Intangible assets that are deemed to have an indefinite life are not amortized, but are subject to an annual impairment test, or when events or circumstances dictate, more frequently. The indefinite-life intangible asset impairment test consists of a comparison of the fair value of the indefinite-life intangible asset with its carrying amount. If the carrying amount exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. If the fair value exceeds its carrying amount, the indefinite-life intangible asset is not considered impaired.

Other intangible assets assigned finite useful lives are amortized on a straight-line basis over their estimated useful lives.

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Contingencies — Litigation

On an ongoing basis, we assess the potential liabilities related to any lawsuits or claims brought against us. While it is typically very difficult to determine the timing and ultimate outcome of such actions, we use our best judgment to determine if it is probable that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable loss, if any, can be made. In assessing probable losses, we take into consideration estimates of the amount of insurance recoveries, if any, which are recorded as assets when recoverability is probable. We accrue a liability when we believe a loss is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertainties related to the eventual outcome of litigation and potential insurance recoveries, it is possible that certain matters may be resolved for amounts materially different from any provisions or disclosures that we have previously made.

Advertising Costs

Advertising costs are expensed as incurred except those costs which result in tangible assets, such as brochures, which are treated as prepaid expenses and charged to expense as consumed. Advertising costs consist of media advertising as well as brochure, production and direct mail costs.

Media advertising was \$255.7 million, \$233.5 million and \$240.3 million, and brochure, production and direct mail costs were \$133.4 million, \$126.7 million and \$120.8 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Derivative Instruments

We enter into various forward, swap and option contracts to manage our interest rate exposure and to limit our exposure to fluctuations in foreign currency exchange rates and fuel prices. These instruments are recorded on the balance sheet at their fair value and the vast majority are designated as hedges. We also use non-derivative financial instruments designated as hedges of our net investment in our foreign operations and investments. Although certain of our derivative financial instruments do not qualify or are not accounted for under hedge accounting, our objective is not to hold or issue derivative financial instruments for trading or other speculative purposes.

At inception of the hedge relationship, a derivative instrument that hedges the exposure to changes in the fair value of a firm commitment or a recognized asset or liability is designated as a fair value hedge. A derivative instrument that hedges a forecasted transaction or the variability of cash flows related to a recognized asset or liability is designated as a cash flow hedge.

Changes in the fair value of derivatives that are designated as fair value hedges are offset against changes in the fair value of the underlying hedged assets, liabilities or firm commitments. Gains and losses on derivatives that are designated as cash flow hedges are recorded as a component of *Accumulated other comprehensive loss* until the underlying hedged transactions are recognized in earnings. The foreign currency transaction gain or loss of our non-derivative financial instruments and the changes in the fair value of derivatives designated as hedges of our net investment in foreign operations and investments are recognized as a component of *Accumulated other comprehensive loss* along with the associated foreign currency translation adjustment of the foreign operation or investment. In certain hedges of our net investment in foreign operations and investments, we exclude forward points from the assessment of hedge effectiveness and we amortize the related amounts directly into earnings.

On an ongoing basis, we assess whether derivatives used in hedging transactions are "highly effective" in offsetting changes in the fair value or cash flow of hedged items. We use the long-haul method to assess hedge effectiveness using regression analysis for each hedge relationship under our interest rate, foreign currency and fuel hedging programs. We apply the same methodology on a consistent basis for assessing hedge effectiveness to all hedges within each hedging program (i.e., interest rate, foreign currency and fuel). We perform regression analyses over an observation period of up to three years, utilizing market data relevant to the hedge horizon of each hedge relationship. High effectiveness is achieved when a statistically valid relationship reflects a high degree of offset and correlation between the changes in the fair values of the derivative instrument and the hedged item. If it is determined that a derivative is

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

not highly effective as a hedge or hedge accounting is discontinued, any change in fair value of the derivative since the last date at which it was determined to be effective is recognized in earnings.

Cash flows from derivative instruments that are designated as fair value or cash flow hedges are classified in the same category as the cash flows from the underlying hedged items. In the event that hedge accounting is discontinued, cash flows subsequent to the date of discontinuance are classified within investing activities. Cash flows from derivative instruments not designated as hedging instruments are classified as investing activities.

We consider the classification of the underlying hedged item's cash flows in determining the classification for the designated derivative instrument's cash flows. We classify derivative instrument cash flows from hedges of benchmark interest rate or hedges of fuel expense as operating activities due to the nature of the hedged item. Likewise, we classify derivative instrument cash flows from hedges of foreign currency risk on our newbuild ship payments as investing activities.

Foreign Currency Translations and Transactions

We translate assets and liabilities of our foreign subsidiaries whose functional currency is the local currency, at exchange rates in effect at the balance sheet date. We translate revenues and expenses at weighted-average exchange rates for the period. Equity is translated at historical rates and the resulting foreign currency translation adjustments are included as a component of *Accumulated other comprehensive loss*, which is reflected as a separate component of *Shareholders' equity*. Exchange gains or losses arising from the remeasurement of monetary assets and liabilities denominated in a currency other than the functional currency of the entity involved are immediately included in our earnings, except for certain liabilities that have been designated to act as a hedge of a net investment in a foreign operation or investment. Exchange gains (losses) were \$57.6 million, \$(75.6) million and \$39.8 million for the years ended December 31, 2018, 2017 and 2016, respectively, and were recorded within *Other income (expense)*. The majority of our transactions are settled in United States dollars. Gains or losses resulting from transactions denominated in other currencies are recognized in income at each balance sheet date.

Concentrations of Credit Risk

We monitor our credit risk associated with financial and other institutions with which we conduct significant business and, to minimize these risks, we select counterparties with credit risks acceptable to us and we seek to limit our exposure to an individual counterparty. Credit risk, including but not limited to counterparty nonperformance under derivative instruments, our credit facilities and new ship progress payment guarantees, is not considered significant, as we primarily conduct business with large, well-established financial institutions, insurance companies and export credit agencies many of which we have long-term relationships with and which have credit risks acceptable to us or where the credit risk is spread out among a large number of counterparties. As of December 31, 2018 and 2017, we had counterparty credit risk exposure under our derivative instruments of approximately \$5.6 million and \$212.8 million, respectively, which were limited to the cost of replacing the contracts in the event of non-performance by the counterparties to the contracts, the majority of which are currently our lending banks. We do not anticipate nonperformance by any of our significant counterparties. In addition, we have established guidelines we follow regarding credit ratings and instrument maturities to maintain safety and liquidity. We do not normally require collateral or other security to support credit relationships; however, in certain circumstances this option is available to us.

Earnings Per Share

Basic earnings per share is computed by dividing *Net Income attributable to Royal Caribbean Cruises Ltd.* by the weighted-average number of shares of common stock outstanding during each period. Diluted earnings per share incorporates the incremental shares issuable upon the assumed exercise of stock options and conversion of potentially dilutive securities.

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Stock-Based Employee Compensation

We measure and recognize compensation expense at the estimated fair value of employee stock awards. Compensation expense for awards and the related tax effects are recognized as they vest. We use the estimated amount of expected forfeitures to calculate compensation costs for all outstanding awards.

Segment Reporting

We control and operate four global cruise brands: Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises and most recently, Silversea Cruises. We also own a 50% joint venture interest in the German brand TUI Cruises, a 49% interest in the Spanish brand Pullmantur and a 36% interest in the Chinese brand SkySea Cruises, which ceased cruising operations in September 2018. We believe our brands possess the versatility to enter multiple cruise market segments within the cruise vacation industry. Although each of these brands have its own marketing style as well as ships and crews of various sizes, the nature of the products sold and services delivered by these brands share a common base (i.e., the sale and provision of cruise vacations). Our brands also have similar itineraries as well as similar cost and revenue components. In addition, our brands source passengers from similar markets around the world and operate in similar economic environments with a significant degree of commercial overlap. As a result, our brands have been aggregated as a single reportable segment based on the similarity of their economic characteristics, types of consumers, regulatory environment, maintenance requirements, supporting systems and processes as well as products and services provided. Our Chairman and Chief Executive Officer has been identified as the chief operating decision-maker and all significant operating decisions including the allocation of resources are based upon the analyses of the Company as one segment. Refer to Note 4. *Revenues* for passenger ticket revenue information by geographic area.

Adoption of Accounting Pronouncements

On January 1, 2018, we adopted the guidance codified in Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, and applied the guidance to all contracts using the modified retrospective method. The new standard converged wide-ranging revenue recognition concepts and requirements that lead to diversity in application for particular industries and transactions into a single revenue standard containing comprehensive principles for recognizing revenue. The cumulative effect of applying the newly issued guidance was not material and accordingly there was no adjustment made to our retained earnings upon adoption on January 1, 2018. The newly adopted guidance has not had a material impact on our consolidated financial statements on an ongoing basis. Due to the adoption of ASC 606, we currently present prepaid commissions as an asset within *Prepaid expenses and other assets*. In addition, we have reclassified prepaid commissions of \$64.6 million from *Customer deposits* to *Prepaid expenses and other assets* in our consolidated balance sheet as of December 31, 2017. Refer to Note 4. *Revenues* for disclosures with respect to our revenue recognition policies.

On January 1, 2018, we adopted the guidance in Accounting Standard Update ("ASU") 2016-16, *Income Taxes 740: Intra-Entity Transfers of Assets Other Than Inventory*, which requires the income tax consequences of an intra-entity transfer of an asset, other than inventory, to be recognized at the time that the transfer occurs, rather than when the asset is sold to an outside party. We adopted the standard using the modified retrospective method and recorded a cumulative-effect adjustment to reduce retained earnings as of January 1, 2018 by \$6.6 million, which reflects the elimination of the deferred tax asset related to intercompany asset transfers.

On January 1, 2018, we adopted the guidance in ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, which was issued to simplify and align the financial reporting of hedging relationships to the economic results of an entity's risk management activities. We adopted the amended guidance using the modified retrospective approach. Adoption of the guidance allowed us to modify the designated risk in our fair value interest rate hedges to the benchmark interest rate component, resulting in changes to the cumulative and ongoing fair value measurement for the hedged debt. Upon adoption, we also elected to hedge the contractually specified components of our commodities purchase contracts. For our cash flow hedges, there will be no periodic measurement or recognition of ineffectiveness. For all hedges, the earnings effect of the hedging instrument will be reported in the same period and in the same income statement line item in which the earnings effect of the hedged item is reported. As a result of the adoption of this guidance, we recorded a cumulative-effect adjustment to reduce retained

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

earnings as of January 1, 2018 by \$16.9 million. The cumulative-effect adjustment includes an increase to the debt carrying value of \$14.4 million for our fair value interest rate hedges as of January 1, 2018, which reflects the cumulative fair value measurement change to debt at adoption resulting from the modified designated risk, and an increase to other comprehensive income (loss) of \$2.5 million, which represents an increase to the deferred gain on active cash flow hedges at adoption. Additionally, the new standard requires modifications to existing presentation and disclosure requirements on a prospective basis. As such, disclosures for the year ended December 31, 2018 conform to these disclosure requirements. Refer to Note 16. *Changes in Accumulated Other Comprehensive Income (Loss)* and Note 17. *Fair Value Measurements and Derivative Instruments* for additional information.

Recent Accounting Pronouncements

Leases

In February 2016, amended GAAP guidance was issued to increase the transparency and comparability of lease accounting among organizations. For leases with a term greater than 12 months, the amendments require the lease rights and obligations arising from the leasing arrangements, including operating leases, to be recognized as assets and liabilities on the balance sheet. The amendments also expand the required disclosures surrounding leasing arrangements. The guidance will be effective for our annual reporting period beginning after December 15, 2018, including interim periods therein.

The amended guidance requires the use of a modified retrospective approach in applying the new lease accounting standard. We elected the optional transition method, which allows entities to initially apply the standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.

The standard will have a material effect on our consolidated balance sheets due to the recognition of operating lease assets and operating lease liabilities primarily related to real estate, shipboard equipment and preferred berthing arrangements. Upon adoption, we expect that there will be no cumulative-effect adjustment of initially applying the guidance to our opening balance of retained earnings.

We do not expect this amended guidance to have a material impact to our consolidated statements of comprehensive income, consolidated statements of cash flows and our debt-covenant compliance under our current agreements on an ongoing basis.

Derivatives and Hedging

In October 2018, the FASB issued ASU 2018-16, *Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes*, which permits use of the OIS rate based on SOFR as a U.S. benchmark interest rate for purposes of applying hedge accounting. SOFR is a new index calculated by short-term repurchase agreements backed by U.S. Treasury securities. The guidance is required to be adopted on a prospective basis for qualifying new or redesignated hedging relationships entered into on or after the adoption date. This ASU will be effective for our annual reporting period beginning January 1, 2019. The adoption of this newly issued guidance is not expected to have a material impact to our consolidated financial statements.

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Change in Accounting Principle - Stock-based Compensation

In January 2018, we elected to change our accounting policy for recognizing stock-based compensation expense from the graded attribution method to the straight-line attribution method for time-based stock awards. The adoption of the straight-line attribution method for time-based stock awards represents a change in accounting principle which we believe to be preferable because it is the predominant method used in our industry. A change in accounting principle requires retrospective application, if material. The impact of the adoption of the straight-line attribution method to our time-based awards was immaterial to prior periods and to our year ended December 31, 2018. As a result, we have accounted for this change in accounting principle in our consolidated results for the year ended December 31, 2018. The effect of this change was an increase to *Net Income attributable to Royal Caribbean Cruises Ltd.* of \$9.2 million, or \$0.04 per share for each of basic and diluted earnings per share, for year ended December 31, 2018, which is reported within *Marketing, selling and administrative expenses* in our consolidated statements of comprehensive income (loss).

Reclassifications

For the year ended December 31, 2018, we separately presented *Cash received on settlement of derivative financial instruments* and *Cash paid on settlement of derivative financial instruments* in our consolidated statements of cash flows. As a result, prior years amounts were reclassified within *Investing Activities* to conform to current year presentation. Additionally, we have reclassified prepaid commissions of \$64.6 million from *Customer deposits* to *Prepaid expenses and Other assets* in our consolidated balance sheet as of December 31, 2017 to conform with current year presentation. Refer to the *Adoption of Accounting Pronouncements* presented above for further information on this reclassification.

Note 3. Business Combination

On July 31, 2018, we acquired a 66.7% equity stake in Silversea Cruises enhancing our presence in the ultra-luxury and expedition markets and providing us with an opportunity to drive long-term capacity growth in these markets.

The purchase price consisted of \$1.02 billion in cash, net of assumed liabilities, and contingent consideration that can range from zero up to a maximum of approximately 472,000 shares of our common stock, and is payable upon achievement of certain 2019-2020 performance metrics by Silversea Cruises. The fair value of the contingent consideration at the acquisition date was \$44.0 million and was recorded within *Other liabilities* in our consolidated balance sheets. Subsequent changes to the fair value of the contingent consideration are recorded in our results of operations in the period of the change. Refer to Note 17. *Fair Value Measurements and Derivative Instruments* for further information on the valuation of the contingent consideration.

To finance a portion of the purchase price, we entered into and drew in full on a \$700 million credit agreement. Refer to Note 9. *Debt* for further information on the credit agreement. The remainder of the transaction consideration was financed through the use of our revolving credit facilities.

We have accounted for this transaction under the provisions of ASC 805, *Business Combinations*. The purchase price for the Silversea Cruises acquisition was allocated based on preliminary estimates of the fair value of assets acquired and liabilities assumed at the acquisition date, with the excess allocated to goodwill. Goodwill is not deductible for tax purposes and consisted primarily of the opportunity to expand our cruise operations in strategic growth areas.

For reporting purposes, beginning with our fourth quarter 2018, we included Silversea Cruises' results of operations on a three-month reporting lag from the acquisition date through September 30, 2018. We have included Silversea Cruises' balance sheet as of September 30, 2018 in our consolidated balance sheet as of December 31, 2018. Refer to Note 1. *General* for further information on this three-month reporting lag.

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The following table summarizes the purchase price allocation based on preliminary estimated fair values of the assets acquired and liabilities assumed related to the Silversea Cruises acquisition as of July 31, 2018. We have not finalized the allocation of the purchase price as it requires extensive use of accounting estimates and valuation methodologies in the determination of such fair values.

| <i>(in thousands)</i> | Estimated Fair Value as of Acquisition Date (as Previously Reported) | Measurement Period Adjustments ⁽¹⁾ | Estimated Fair Value as of Acquisition Date (as Adjusted) |
|---|---|--|---|
| Assets | | | |
| Cash and cash equivalents | \$ 103,865 | \$ — | \$ 103,865 |
| Trade and other receivables, net | 5,640 | 1,523 | 7,163 |
| Inventories | 19,004 | (673) | 18,331 |
| Prepaid expenses and other assets ⁽²⁾ | 119,920 | 576 | 120,496 |
| Derivative financial instruments | 2,886 | — | 2,886 |
| Property and equipment, net ⁽³⁾ | 1,109,467 | 4,803 | 1,114,270 |
| Goodwill | 1,086,539 | 3,471 | 1,090,010 |
| Other assets ⁽⁴⁾ | 494,657 | 3,800 | 498,457 |
| Total assets acquired | 2,941,978 | 13,500 | 2,955,478 |
| Liabilities | | | |
| Current portion of long-term debt ⁽⁵⁾ | 26,851 | — | 26,851 |
| Accounts payable | 36,960 | — | 36,960 |
| Accrued interest | 1,773 | — | 1,773 |
| Accrued expenses and other liabilities | 80,571 | 1,960 | 82,531 |
| Customer deposits | 453,798 | — | 453,798 |
| Long-term debt ⁽⁵⁾ | 727,935 | — | 727,935 |
| Other long-term liabilities | 12,320 | 11,540 | 23,860 |
| Total liabilities assumed | 1,340,208 | 13,500 | 1,353,708 |
| Redeemable noncontrolling interest⁽⁶⁾ | 537,770 | — | 537,770 |
| Total purchase price | \$ 1,064,000 | \$ — | \$ 1,064,000 |

- (1) As a result of additional information obtained about facts and circumstances that existed as of the acquisition date, we recorded measurement period adjustments during the fourth quarter of 2018, which resulted in a net increase to *Goodwill* of \$3.5 million.
- (2) Amount includes \$32.0 million of cash held as collateral with credit card processors as of July 31, 2018.
- (3) *Property and equipment, net* includes two ships under capital lease agreements amounting to \$156.0 million as of July 31, 2018. The respective capital lease liabilities are reported within *Long-term debt*. Refer to Note 9. *Debt* for further information on the capital lease financing arrangements.
- (4) Amount includes \$494.6 million of intangible assets. Refer to Note 6. *Intangible Assets* for further information on the intangible assets acquired.
- (5) Refer to Note 9. *Debt* for further information on long-term debt assumed.
- (6) Refer to Note 10. *Redeemable Noncontrolling Interest* for further information on the redeemable noncontrolling interest recorded.

Similar to our other ship-operating and vessel-owning subsidiaries, Silversea Cruises is currently exempt from U.S. corporate tax on U.S. source income from the international operation of ships pursuant to Section 883 of the Internal Revenue Code. Additionally, the deferred tax liability recognized in connection with the acquisition of Silversea Cruises was not material to our consolidated financial statements and there were no net operating losses recognized as of December 31, 2018.

For the year ended December 31, 2018, *Total revenues* and *Net Income* in our consolidated statements of comprehensive income (loss) include \$130.1 million and \$3.3 million, respectively, of revenues and net income from

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Silversea Cruises since the date of acquisition through September 30, 2018. For the year ended December 31, 2018, our results of operations also include transaction-related costs of \$31.8 million, which were included primarily within *Marketing, selling and administrative expenses* in our consolidated statements of comprehensive income (loss).

Pro-forma financial results relating to the Silversea Cruises acquisition are not presented, as this acquisition is not material to our consolidated results of operations.

Note 4. Revenues

Revenue Recognition

Revenues are measured based on consideration specified in our contracts with customers and are recognized as the related performance obligations are satisfied.

The majority of our revenues are derived from passenger cruise contracts which are reported within *Passenger ticket revenues* in our consolidated statements of comprehensive income (loss). Our performance obligation under these contracts is to provide a cruise vacation in exchange for the ticket price. We satisfy this performance obligation and recognize revenue over the duration of each cruise, which generally range from two to 25 nights.

Passenger ticket revenues include charges to our guests for port costs that vary with passenger head counts. These type of port costs, along with port costs that do not vary by passenger head counts, are included in our operating expenses. The amounts of port costs charged to our guests and included within *Passenger ticket revenues* on a gross basis were \$611.4 million, \$569.5 million and \$570.3 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Our total revenues also include onboard and other revenues, which consist primarily of revenues from the sale of goods and services onboard our ships that are not included in passenger ticket prices. We receive payment before or concurrently with the transfer of these goods and services to passengers during a cruise and recognize revenue at the time of transfer over the duration of the related cruise.

As a practical expedient, we have omitted disclosures on our remaining performance obligations as the duration of our contracts with customers is less than a year.

Disaggregated Revenues

The following table disaggregates our total revenues by geographic regions where we provide cruise itineraries (in thousands):

| | Year Ended December 31, | | |
|-------------------------------------|-------------------------|---------------------|---------------------|
| | 2018 | 2017 | 2016 |
| Revenues by itinerary | | | |
| North America ⁽¹⁾ | \$ 5,399,951 | \$ 5,062,305 | \$ 4,606,875 |
| Asia/Pacific ⁽²⁾ | 1,463,083 | 1,588,802 | 1,536,799 |
| Europe ⁽³⁾ | 1,914,549 | 1,509,586 | 1,711,496 |
| Other regions | 348,145 | 285,954 | 354,529 |
| Total revenues by itinerary | 9,125,728 | 8,446,647 | 8,209,699 |
| Other revenues⁽⁴⁾ | 368,121 | 331,198 | 286,702 |
| Total revenues | \$ 9,493,849 | \$ 8,777,845 | \$ 8,496,401 |

(1) Includes the United States, Canada, Mexico and the Caribbean.

(2) Includes Southeast Asia (e.g., Singapore, Thailand and the Philippines), East Asia (e.g., China and Japan), South Asia (e.g., India and Pakistan) and Oceania (e.g., Australia and Fiji Islands) regions.

(3) Includes European countries (e.g., the Nordics, Germany, France, Italy, Spain and the United Kingdom).

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(4) Includes revenues primarily related to cancellation fees, vacation protection insurance and pre- and post-cruise tours. Amounts also include revenues related to our bareboat charter, procurement and management related services we perform on behalf of our unconsolidated affiliates. Refer to Note 8. *Other Assets* for more information on our unconsolidated affiliates.

Passenger ticket revenues are attributed to geographic areas based on where the reservation originates. For the years ended December 31, 2018, 2017 and 2016, our guests were sourced from the following areas:

| | Year Ended December 31, | | |
|------------------------------------|-------------------------|------|------|
| | 2018 | 2017 | 2016 |
| Passenger ticket revenues: | | | |
| United States | 61% | 59% | 55% |
| United Kingdom | 10% | 9% | 10% |
| All other countries ⁽¹⁾ | 29% | 32% | 35% |

(1) No other individual country's revenue exceeded 10% for the years ended December 31, 2018, 2017 and 2016.

Customer Deposits and Contract Liabilities

Our payment terms generally require an upfront deposit to confirm a reservation, with the balance due prior to the cruise. Deposits received on sales of passenger cruises are initially recorded as *Customer deposits* in our consolidated balance sheets and subsequently recognized as passenger ticket revenues during the duration of the cruise. ASC 606 defines a “contract liability” as an entity’s obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. We do not consider customer deposits to be a contract liability until the customer no longer retains the unilateral right, resulting from the passage of time, to cancel such customer's reservation and receive a full refund. Customer deposits presented in our consolidated balance sheets include contract liabilities of \$1.9 billion and \$1.4 billion as of December 31, 2018 and 2017, respectively. Substantially all of our contract liabilities as of December 31, 2017 were recognized and reported within *Total revenues* in our consolidated statement of comprehensive income (loss) for the year ended December 31, 2018.

Contract Receivables and Contract Assets

Although we generally require full payment from our customers prior to their cruise, we grant credit terms to a relatively small portion of our revenue source in select markets outside of the United States. As a result, we have outstanding receivables from passenger cruise contracts in those markets. We also have receivables from credit card merchants for cruise ticket purchases and goods and services sold to guests during cruises that are collected before, during or shortly after the cruise voyage. In addition, we have receivables due from concessionaires onboard our vessels. These receivables are included within *Trade and other receivables, net* in our consolidated balance sheets.

We have contract assets that are conditional rights to consideration for satisfying the construction services performance obligations under a service concession arrangement. As of December 31, 2018 and 2017, our contract assets were \$57.8 million and \$60.1 million, respectively, and were included within *Other assets* in our consolidated balance sheets. Given the short duration of our cruises and our collection terms, we do not have any other significant contract assets.

Assets Recognized from the Costs to Obtain a Contract with a Customer

Prepaid travel agent commissions are an incremental cost of obtaining contracts with customers that we recognize as an asset and include within *Prepaid expenses and other assets* in our consolidated balance sheets. Prepaid travel agent commissions were \$153.5 million and \$64.6 million as of December 31, 2018 and 2017, respectively. Substantially all of our prepaid travel agent commissions at December 31, 2017 were expensed and reported within *Commissions, transportation and other* in our consolidated statements of comprehensive income (loss) for the year ended December 31, 2018.

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Note 5. Goodwill

The carrying amount of goodwill attributable to our Royal Caribbean International, Celebrity Cruises and Silversea Cruises reporting units and the changes in such balances during the years ended December 31, 2018 and 2017 were as follows (in thousands):

| | Royal Caribbean International | Celebrity Cruises | Silversea Cruises | Total |
|--|--|--------------------------|--------------------------|--------------|
| Balance at December 31, 2016 | \$ 286,754 | \$ 1,632 | \$ — | \$ 288,386 |
| Foreign currency translation adjustment | 126 | — | — | 126 |
| Balance at December 31, 2017 | 286,880 | 1,632 | — | 288,512 |
| Goodwill attributable to the acquisition of Silversea Cruises ⁽¹⁾ | — | — | 1,090,010 | 1,090,010 |
| Foreign currency translation adjustment | (169) | — | — | (169) |
| Balance at December 31, 2018 | \$ 286,711 | \$ 1,632 | \$ 1,090,010 | \$ 1,378,353 |

(1) In 2018, we purchased Silversea Cruises. Refer to Note 3. *Business Combination* for further information.

During the fourth quarter of 2018, we performed a qualitative assessment of whether it was more-likely-than-not that our Royal Caribbean International reporting unit's fair value was less than its carrying amount before applying the two-step goodwill impairment test. The qualitative analysis included assessing the impact of certain factors such as general economic conditions, limitations on accessing capital, changes in forecasted operating results, changes in fuel prices and fluctuations in foreign exchange rates. Based on our qualitative assessment, we concluded that it was more-likely-than-not that the estimated fair value of the Royal Caribbean International reporting unit exceeded its carrying value and thus, we did not proceed to the two-step goodwill impairment test. No indicators of impairment exist primarily because the reporting unit's fair value has consistently exceeded its carrying value by a significant margin and forecasts of operating results generated by the reporting unit appear sufficient to support its carrying value. As a result of our assessment, we did not record an impairment of goodwill for the year ended December 31, 2018.

During the fourth quarter of 2018, we also performed a qualitative assessment of whether it was more-likely-than-not that our Silversea Cruises reporting unit's fair value was less than its carrying amount before applying the two-step goodwill impairment test. The qualitative analysis included assessing the impact of certain factors such as general economic conditions, limitations on accessing capital, changes in forecasted operating results, changes in fuel prices and fluctuations in foreign exchange rates. Based on our qualitative assessment, we concluded that it was more-likely-than-not that the estimated fair value of the Silversea Cruises reporting unit exceeded its carrying value and thus, we did not proceed to the two-step goodwill impairment test. No indicators of impairment exist primarily because forecasted operating results of the reporting unit appear sufficient to support its carrying value. As a result of our assessment, we did not record an impairment of goodwill for the year ended December 31, 2018.

For the years ended December 31, 2017 and 2016, we did not record an impairment of goodwill for our reporting units.

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Note 6. Intangible Assets

Intangible assets consist of finite and indefinite life assets and are reported within *Other assets* in our consolidated balance sheets.

The following is a summary of our intangible assets as of December 31, 2018 (in thousands, except weighted average amortization period):

| | As of December 31, 2018 | | | |
|-------------------------------------|---|-------------------------|-----------------------------|--------------------|
| | Remaining Weighted Average Amortization Period (Years) | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
| Finite-life intangible assets: | | | | |
| Customer relationships | 14.8 | \$ 97,400 | \$ 1,082 | \$ 96,318 |
| Galapagos operating licenses | 25.8 | 47,669 | 4,206 | 43,463 |
| Other finite-life intangible assets | 1.8 | 11,560 | 963 | 10,597 |
| Total finite-life intangible assets | | 156,629 | 6,251 | 150,378 |
| Indefinite-life intangible assets | | 351,725 | — | 351,725 |
| Total intangible assets, net | | \$ 508,354 | \$ 6,251 | \$ 502,103 |

As of December 31, 2017, finite-life intangible assets had a gross carrying amount and accumulated amortization amount of \$11.6 million and \$3.7 million, respectively, consisting of operating licenses to operate in the Galapagos Islands. As of December 31, 2017, the remaining weighted average remaining life of these licenses was approximately 26.6 years. The carrying amount of indefinite-life intangible assets was not material as of December 31, 2017.

As of December 31, 2018, intangible assets, net include intangible assets acquired in the Silversea Cruises acquisition, which were recorded at fair value at acquisition date as follows:

| | Fair Value at Acquisition Date (in thousands) | Weighted Average Amortization Period (Years) |
|-------------------------------------|--|---|
| Silversea Cruises trade name | \$ 349,500 | Indefinite-life |
| Customer relationships | 97,400 | 15 |
| Galapagos operating license | 36,100 | 26 |
| Other finite-life intangible assets | 11,560 | 2 |
| Total intangible assets | \$ 494,560 | |

Amortization expense for finite-life intangible assets was immaterial to our consolidated financial statements for the years ended December 31, 2018, 2017 and 2016.

The estimated future amortization for finite-life intangible assets for each of the next five years is as follows (in thousands):

| Year | |
|------|-----------|
| 2019 | \$ 13,959 |
| 2020 | \$ 12,995 |
| 2021 | \$ 8,179 |
| 2022 | \$ 8,179 |
| 2023 | \$ 8,179 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Property and Equipment

Property and equipment consists of the following (in thousands):

| | As of December 31, | |
|--|----------------------|----------------------|
| | 2018 | 2017 |
| Ships | \$ 27,209,553 | \$ 23,714,745 |
| Ship improvements | 2,965,634 | 2,410,525 |
| Ships under construction | 817,800 | 642,235 |
| Land, buildings and improvements, including leasehold improvements and port facilities | 321,136 | 250,079 |
| Computer hardware and software, transportation equipment and other | 1,120,988 | 762,512 |
| Total property and equipment | 32,435,111 | 27,780,096 |
| Less—accumulated depreciation and amortization ⁽¹⁾ | (8,968,948) | (8,044,916) |
| | <u>\$ 23,466,163</u> | <u>\$ 19,735,180</u> |

(1) Amount includes accumulated depreciation and amortization for assets in service.

Ships under construction include progress payments for the construction of new ships as well as planning, design, capitalized interest and other associated costs. We capitalized interest costs of \$49.6 million, \$24.2 million and \$25.3 million for the years ended December 31, 2018, 2017 and 2016, respectively.

During 2018, we completed our purchase of *Azamara Pursuit* and took delivery of *Symphony of the Seas* and *Celebrity Edge*. Refer to Note 9. *Debt* for further information.

Upon our acquisition of Silversea Cruises, we added to our fleet nine ships, two of which are under capital lease agreements. Refer to Note 3. *Business Combination* for further information on the Silversea Cruises acquisition and Note 9. *Debt* for further information on the capital leases.

During 2018, Silversea Cruises entered into an agreement with Shipyard De Hoop to build a ship designed for the Galapagos Islands. Refer to Note 18. *Commitments and Contingencies* for further information on the aggregate costs of our ships on order.

During 2017, we sold our three aircraft and 6% of our ownership stake in Wamos Air, S.A. (formerly known as Pullmantur Air, S.A.) to Wamos Air, S.A. In connection with the sale transaction, we extended two loans to Wamos Air, S.A. totaling €17.3 million. The loans accrue interest at rates ranging from 4.78% to 5.35% per annum, amortize through maturity of October 2019 and July 2021, respectively, and are secured by first priority security interests over the aircraft engines and shares sold in connection with the transaction. The sale resulted in an immaterial gain that was recognized in earnings during the year ended December 31, 2017. Post-sale, we retained a 13% interest in Wamos Air, S.A. During the year ended December 31, 2018, we received principal and interest payments of \$4.0 million. As of December 31, 2018, a receivable of €14.1 million, or approximately \$16.1 million, based on the exchange rate at December 31, 2018, was outstanding related to the principal amount of these loans.

During 2017, we sold *Legend of the Seas* to an affiliate of TUI AG, our joint venture partner in TUI Cruises. The sale resulted in a gain of \$30.9 million and was reported within *Other operating* within *Cruise operating expenses* in our consolidated statements of comprehensive income (loss) for the year ended December 31, 2017.

During 2016, we sold our 51% interest in Pullmantur Holdings. We retained full ownership of the four vessels currently operated by the Pullmantur brand under bareboat charter arrangements. We account for the bareboat charters of the vessels to Pullmantur Holdings as operating leases.

In April 2016, we sold *Splendour of the Seas* to TUI Cruises. Concurrent with the acquisition, TUI Cruises leased the ship to an affiliate of TUI AG, our joint venture partner in TUI Cruises, which now operates the ship. The gain recognized did not have a material effect to our consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Other Assets

A Variable Interest Entity ("VIE") is an entity in which the equity investors have not provided enough equity to finance the entity's activities or the equity investors (1) cannot directly or indirectly make decisions about the entity's activities through their voting rights or similar rights; (2) do not have the obligation to absorb the expected losses of the entity; (3) do not have the right to receive the expected residual returns of the entity; or (4) have voting rights that are not proportionate to their economic interests and the entity's activities involve or are conducted on behalf of an investor with a disproportionately small voting interest.

We have determined that TUI Cruises GmbH, our 50%-owned joint venture, which operates the brand TUI Cruises, is a VIE. As of December 31, 2018, the net book value of our investment in TUI Cruises was \$578.1 million, primarily consisting of \$403.0 million in equity and a loan of €150.6 million, or approximately \$172.2 million, based on the exchange rate at December 31, 2018. As of December 31, 2017, the net book value of our investment in TUI Cruises was \$624.5 million, primarily consisting of \$422.8 million in equity and a loan of €166.5 million, or approximately \$199.8 million, based on the exchange rate at December 31, 2017. The loan, which was made in connection with the sale of *Splendour of the Seas* in April 2016, accrues interest at a rate of 6.25% per annum and is payable over 10 years. This loan is 50% guaranteed by TUI AG, our joint venture partner in TUI Cruises, and is secured by a first priority mortgage on the ship. Refer to Note 7. *Property and Equipment* for further information. The majority of these amounts were included within *Other assets* in our consolidated balance sheets.

In addition, we and TUI AG have each guaranteed the repayment by TUI Cruises of 50% of a bank loan. As of December 31, 2018, the outstanding principal amount of the loan was €37.0 million, or approximately \$42.3 million, based on the exchange rate at December 31, 2018. In April 2018, *Mein Schiff 1* was sold to an affiliate of TUI AG. The proceeds were used to repay €44.2 million of the bank loan and secure the release of the first mortgage on *Mein Schiff 1*. The loan amortizes quarterly and is currently secured by a first mortgage on *Mein Schiff Herz*, previously known as *Mein Schiff 2*. Based on current facts and circumstances, we do not believe potential obligations under our guarantee of this bank loan are probable. In addition to our guarantee of the bank loan, TUI Cruises has various ship construction and financing agreements which include certain restrictions on each of our and TUI AG's ability to reduce our current ownership interest in TUI Cruises below 37.55% through May 2031.

Our investment amount, outstanding term loan and the potential obligations under the bank loan guarantee are substantially our maximum exposure to loss in connection with our investment in TUI Cruises. We have determined that we are not the primary beneficiary of TUI Cruises. We believe that the power to direct the activities that most significantly impact TUI Cruises' economic performance are shared between ourselves and TUI AG. All the significant operating and financial decisions of TUI Cruises require the consent of both parties, which we believe creates shared power over TUI Cruises. Accordingly, we do not consolidate this entity and account for this investment under the equity method of accounting.

In March 2009, we sold *Celebrity Galaxy* to TUI Cruises for €224.4 million, or \$290.9 million, to serve as the original *Mein Schiff 1*. Due to the related party nature of this transaction, the gain on the sale of the ship of \$35.9 million was deferred and being recognized over the remaining life of the ship which was estimated to be 23 years. As mentioned above, in April 2018, TUI Cruises sold the original *Mein Schiff 1* and as a result we accelerated the recognition of the remaining balance of the deferred gain, which was \$21.8 million. This amount is included within *Other income (expense)* in our consolidated statements of comprehensive income (loss) for the year ended December 31, 2018.

We have determined that Pullmantur Holdings S.L. ("Pullmantur Holdings"), in which we have a 49% noncontrolling interest, is a VIE for which we are not the primary beneficiary, as we do not have the power to direct the activities that most significantly impact the entity's economic performance. Accordingly, we do not consolidate this entity and we account for this investment under the equity method of accounting. As of December 31, 2018 and December 31, 2017, our maximum exposure to loss in Pullmantur Holdings was \$58.5 million and \$53.7 million, respectively, consisting of loans and other receivables. These amounts were included within *Trade and other receivables, net* and *Other assets* in our consolidated balance sheets. Refer to Note 7. *Property and Equipment* for further information on the our vessels currently operated by the Pullmantur brand under bareboat charter arrangements.

ROYAL CARIBBEAN CRUISES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We have provided a working capital facility to a Pullmantur Holdings subsidiary in the amount of up to €15.0 million or approximately \$17.2 million based on the exchange rate at December 31, 2018. Proceeds of the facility, which were drawn through December 2018 at an interest rate of 6.5% per annum, are payable through 2022. Springwater Capital LLC, 51% owner of Pullmantur Holdings, has guaranteed repayment of 51% of the outstanding amounts under the facility. As of December 31, 2018, €14.0 million, or approximately \$16.0 million, based on the exchange rate at December 31, 2018, was outstanding under this facility.

We have determined that Grand Bahama Shipyard Ltd. ("Grand Bahama"), a ship repair and maintenance facility in which we have a 40% noncontrolling interest, is a VIE. This facility serves cruise and cargo ships, oil and gas tankers and offshore units. We utilize this facility, among other ship repair facilities, for our regularly scheduled drydocks and certain emergency repairs as may be required. During the years ended December 31, 2018 and 2017, we made payments of \$44.7 million and \$16.0 million, respectively, to Grand Bahama for ship repair and maintenance services. We have determined that we are not the primary beneficiary of this facility, as we do not have the power to direct the activities that most significantly impact the facility's economic performance. Accordingly, we do not consolidate this entity and we account for this investment under the equity method of accounting. As of December 31, 2018, the net book value of our investment in Grand Bahama was \$56.1 million, consisting of \$41.4 million in equity and a loan of \$14.6 million. As of December 31, 2017, the net book value of our investment in Grand Bahama was approximately \$49.4 million, consisting of \$32.4 million in equity and a loan of \$17.0 million. These amounts represent our maximum exposure to loss related to our investment in Grand Bahama. Our loan to Grand Bahama matures in March 2025 and bears interest at the lower of (i) LIBOR plus 3.50% and (ii) 5.50%. Interest payable on the loan is due on a semi-annual basis. We have experienced strong payment performance on the loan since its amendment, in 2016, and as a result completed an evaluation and review of the loan resulting in a reclassification of the loan to accrual status as of October 2017. During the years ended December 31, 2018 and 2017, we received principal and interest payments of \$16.4 million and \$15.7 million, respectively. The loan balance is included within *Other assets* in our consolidated balance sheets. The loan is currently accruing interest under the effective yield method, which includes the recognition of previously unrecognized interest that accumulated while the loan was in non-accrual status.

We monitor credit risk associated with the loan through our participation on Grand Bahama's board of directors along with our review of Grand Bahama's financial statements and projected cash flows. Based on this review, we believe the risk of loss associated with the outstanding loan is not probable as of December 31, 2018.

In March 2018, Skysea Holding's board of directors agreed to exit the business given the increasing challenges faced by the brand. Skysea Holding ceased cruising operations in September 2018. We have determined that Skysea Holding, in which we have a 36% ownership interest, is a VIE for which we are not the primary beneficiary, as we do not have the power to direct the activities that most significantly impact the entity's economic performance. Accordingly, we do not consolidate this entity and we account for this investment under the equity method of accounting. In December 2014, we and Ctrip, which also owns 36% of Skysea Holding, each provided a debt facility to a wholly owned subsidiary of Skysea Holding in the amount of \$80.0 million, with an applicable interest rate of 6.5% per annum, which originally matured in January 2030. The facilities, which were *pari passu* to each other, were each 100% guaranteed by Skysea Holding and were secured by first priority mortgages on the ship, *Golden Era*. Due to payment performance, the loans were classified to non-accrual status in 2017.

We review our equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. During 2018, given SkySea Holding's dissolution and sale of the *Golden Era*, we reviewed the recoverability of our investment, debt facility and other receivables due from the brand. As a result of this analysis, we determined that our investment in SkySea Holding and the carrying value of our debt facility and other receivables due from the brand were impaired and recognized an impairment charge of \$23.3 million during the year ended December 31, 2018. The charge reflected a full impairment of our investment in SkySea Holding and reduced the debt facility and other receivables due to us to their net realizable value. This impairment charge was recognized in *Other income (expense)* within our consolidated statements of comprehensive income (loss) for the year ended December 31, 2018.

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In December 2018, the *Golden Era* was sold to an affiliate of TUI AG, our joint venture partner in TUI Cruises. Proceeds from the sale were distributed to the existing shareholders which eliminated our net receivable balance due from Skysea Holding, resulting in no further impairment charges. As of December 31, 2018, we do not have any exposures to loss related to our investment in Skysea Holding. As of December 31, 2017, the net book value of our investment in Skysea Holding and its subsidiaries was \$96.0 million, which consisted of \$4.4 million in equity and loans and other receivables of \$91.6 million. The majority of these amounts were included within *Other assets* in our consolidated balance sheets and represented our maximum exposure to loss related to our investment in Skysea Holding as of December 31, 2017.

The following tables set forth information regarding our investments accounted for under the equity method of accounting, including the entities discussed above, (in thousands):

| | Year ended December 31, | | |
|---|-------------------------|------------|------------|
| | 2018 | 2017 | 2016 |
| Share of equity income from investments | \$ 210,756 | \$ 156,247 | \$ 128,350 |
| Dividends received | \$ 243,101 | \$ 109,677 | \$ 75,942 |

| | As of December 31, | |
|--|--------------------|-------------------|
| | 2018 | 2017 |
| Total notes receivable due from equity investments | \$ 201,979 | \$ 314,323 |
| Less-current portion ⁽¹⁾ | 19,075 | 38,658 |
| Long-term portion ⁽²⁾ | <u>\$ 182,904</u> | <u>\$ 275,665</u> |

(1) Included within *Trade and other receivables, net* in our consolidated balance sheets.

(2) Included within *Other assets* in our consolidated balance sheets.

We also provide ship management services to TUI Cruises GmbH, Pullmantur Holdings and Skysea Holding (which ceased cruising operations in September 2018). Additionally, we bareboat charter to Pullmantur Holdings the vessels currently operated by its brands, which were retained by us following the sale of our 51% interest in Pullmantur Holdings. We recorded the following as it relates to these services in our operating results within our consolidated statements of comprehensive income (loss) (in thousands):

| | Year ended December 31, | | |
|----------|-------------------------|-----------|-----------|
| | 2018 | 2017 | 2016 |
| Revenues | \$ 54,705 | \$ 53,532 | \$ 30,517 |
| Expenses | \$ 11,531 | \$ 15,176 | \$ 12,795 |

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summarized financial information for our affiliates accounted for under the equity method of accounting was as follows (in thousands):

| | As of December 31, | | |
|--------------------------------|---------------------------|-------------|------------------|
| | 2018 | 2017 | |
| Current assets | \$ 471,428 | \$ | 532,330 |
| Non-current assets | 3,826,018 | | 3,673,613 |
| Total assets | \$ 4,297,446 | \$ | 4,205,943 |
| Current liabilities | \$ 1,064,741 | \$ | 1,152,193 |
| Non-current liabilities | 2,217,909 | | 1,974,166 |
| Total liabilities | \$ 3,282,650 | \$ | 3,126,359 |
| Equity attributable to: | | | |
| Noncontrolling interest | \$ 1,672 | \$ | 1,753 |

| | Year ended December 31, | | |
|----------------|--------------------------------|-------------------|-------------------|
| | 2018 | 2017 | 2016 |
| Total revenues | \$ 2,255,352 | \$ 1,994,014 | \$ 1,340,662 |
| Total expenses | (1,779,160) | (1,684,276) | (1,078,470) |
| Net income | \$ 476,192 | \$ 309,738 | \$ 262,192 |

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Debt

Debt consists of the following (in thousands):

| | Interest Rate | Maturities Through | As of December 31, | |
|--|----------------|--------------------|---------------------|---------------------|
| | | | 2018 | 2017 |
| Fixed rate debt: | | | | |
| Senior notes | 2.65% to 7.50% | 2020 - 2028 | \$ 1,724,194 | \$ 1,866,359 |
| Secured senior notes | 7.25% | 2025 | 670,437 | — |
| Unsecured term loans | 2.53% to 5.41% | 2021 - 2030 | 2,148,351 | 333,351 |
| Total fixed rate debt | | | 4,542,982 | 2,199,710 |
| Variable rate debt ⁽¹⁾: | | | | |
| Unsecured revolving credit facilities ⁽²⁾ | 3.54% to 3.61% | 2020 - 2022 | 795,000 | 580,000 |
| Commercial paper | 3.19% | 2019 | 775,488 | — |
| USD unsecured term loan | 2.92% to 6.52% | 2019 - 2028 | 4,005,848 | 4,079,670 |
| Euro unsecured term loan | 1.15% to 1.58% | 2021 - 2028 | 734,176 | 814,085 |
| Total variable rate debt | | | 6,310,512 | 5,473,755 |
| Capital lease obligations | | | 130,944 | 33,139 |
| Total debt ⁽³⁾ | | | 10,984,438 | 7,706,604 |
| Less: unamortized debt issuance costs | | | (206,739) | (167,153) |
| Total debt, net of unamortized debt issuance costs | | | 10,777,699 | 7,539,451 |
| Less—current portion including commercial paper | | | (2,422,329) | (1,188,514) |
| Long-term portion | | | <u>\$ 8,355,370</u> | <u>\$ 6,350,937</u> |

- (1) Calculation based on outstanding loan balance and interest rate as of December 31, 2018. For variable rate debt, interest rate includes either LIBOR or EURIBOR plus the applicable margin.
- (2) Includes \$1.4 billion facility due in 2020 and \$1.2 billion due in 2022, each of which accrue interest at LIBOR plus 1.10%, currently 3.91%, and are subject to a facility fee of 0.15%.
- (3) At December 31, 2018 and 2017, the weighted average interest rate for total debt was 4.14% and 3.92%, respectively.

In October 2018, we took delivery of *Celebrity Edge*. Through a novation agreement we put in place in June 2016, we had the right, but not the obligation, to finance the final installment payable to the shipyard by assuming upon our delivery and acceptance of the ship the debt indirectly incurred by the shipbuilder during the construction of the ship. We borrowed a total of \$729.0 million (inclusive of the amount novated to us). The loan, which is unsecured, amortizes semi-annually over 12 years and bears interest at a fixed rate of 3.23%. In our consolidated statement of cash flows for the year ended December 31, 2018, the acceptance of the ship and satisfaction of our obligation under the shipbuilding contract was classified as an outflow and constructive disbursement within *Investing Activities* while the amounts novated and effectively advanced from our lenders under our previously committed financing arrangements were classified as an inflow and constructive receipt within *Financing Activities*.

On July 31, 2018, we closed on the Silversea Cruises acquisition and subsequently drew in full on an unsecured credit agreement in the amount of \$700 million due July 2019. We are required to prepay the loan with the proceeds of certain debt issuances prior to maturity. Interest on the loan accrues at a floating rate based on LIBOR plus a margin that varies with our credit rating and which is currently 1.00%.

Upon our acquisition of Silversea Cruises, we recorded, at a fair value of \$672.0 million, 7.25% senior secured notes with a principal amount of \$620 million due February 2025, in accordance with ASC 805. The notes were previously issued by Silversea Cruise Finance Ltd., a wholly owned subsidiary of Silversea Cruises, and are guaranteed and secured by substantially all of the assets of Silversea Cruises and a number of its subsidiaries, subject to certain exceptions. Refer to Note 3. *Business Combination* for further information on the Silversea Cruises acquisition.

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In June 2018, we established a commercial paper program pursuant to which we may issue short-term unsecured notes from time to time in an aggregate amount of up to \$1.2 billion. The interest rate for the commercial paper notes varies based on duration, market conditions and our credit ratings. The maturities of the commercial paper notes can vary, but cannot exceed 397 days from the date of issuance. We use the proceeds from our commercial paper notes for general corporate purposes. The commercial paper issued is backstopped by our revolving credit facilities. As of December 31, 2018, we had \$777.0 million of commercial paper notes outstanding with a weighted average interest rate of 3.19% and a weighted average maturity of approximately 23 days.

In March 2018, we took delivery of *Symphony of the Seas*. Through a novation agreement we put in place in January 2015, we had the right, but not the obligation, to finance the final installment payable to the shipyard by assuming upon our delivery and acceptance of this ship the debt indirectly incurred by the shipbuilder during the construction of the ship. We borrowed a total of \$1.2 billion (inclusive of the amount novated to us). The loan, which is unsecured, amortizes semi-annually over 12 years and bears interest at a fixed rate of 3.82%. In our consolidated statement of cash flows for the year ended December 31, 2018, the acceptance of the ship and satisfaction of our obligation under the shipbuilding contract was classified as an outflow and constructive disbursement within *Investing Activities* while the amounts novated and effectively advanced from our lender under our previously committed financing arrangements were classified as an inflow and constructive receipt within *Financing Activities*.

In March 2018, we entered into and drew in full on a credit agreement in the amount of \$130.0 million due February 2023. The loan accrues interest at a floating rate of LIBOR plus an applicable margin. The applicable margin varies with our debt rating and was 1.195% as of December 31, 2018. Amounts from the issuance of this loan were used for capital expenditures.

Except for *Celebrity Flora*, all of our unsecured ship financing term loans are guaranteed by the export credit agency in the respective country in which the ship is constructed. In consideration for these guarantees, depending on the financing arrangement, we pay to the applicable export credit agency (1) a fee of 0.77% per annum based on the outstanding loan balance semi-annually over the term of the loan (subject to adjustment based upon our credit ratings) or (2) an upfront fee of 2.35% to 2.37% of the maximum loan amount. We amortize the fees that are paid upfront over the life of the loan and those that are paid semi-annually over each respective payment period. Prior to the loan being drawn, we present these fees within *Other assets* in our consolidated balance sheets. Once the loan is drawn, such fees are classified as a discount to the related loan, or contra-liability account, within *Current portion of long-term debt* or *Long-term debt*. In our consolidated statements of cash flows, we classify these fees within *Amortization of debt issuance costs*.

Under certain of our agreements, the contractual interest rate, facility fee and/or export credit agency fee vary with our debt rating.

The unsecured senior notes and senior debentures are not redeemable prior to maturity, except that certain series may be redeemed upon the payment of a make-whole premium.

Capital Leases

Silversea Cruises operates two ships, the *Silver Whisper* and *Silver Explorer*, under capital leases. The capital lease for the *Silver Whisper* will expire in 2022, subject to an option to purchase the ship, and the capital lease for the *Silver Explorer* will expire in 2021, subject to an option to extend the lease for up to an additional six years. The total aggregate amount of the finance lease obligations recorded for these ships at the acquisition date was \$82.8 million. The lease payments on the *Silver Whisper* are subject to adjustments based on the LIBOR rate. Refer to Note 3. *Business Combination* for further information regarding the assets acquired and liabilities assumed in the Silversea Cruises acquisition.

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Following is a schedule of annual maturities on our total debt net of debt issuance costs, and including capital leases and commercial paper, as of December 31, 2018 for each of the next five years (in thousands):

| <u>Year</u> | |
|-------------|----------------------|
| 2019 | \$ 2,422,329 |
| 2020 | 1,681,978 |
| 2021 | 843,976 |
| 2022 | 1,607,975 |
| 2023 | 664,025 |
| Thereafter | 3,557,416 |
| | <u>\$ 10,777,699</u> |

Note 10. Redeemable Noncontrolling Interest

In connection with the acquisition of Silversea Cruises, we recorded a redeemable noncontrolling interest of \$537.8 million due to the put options held by SCG. The put options may require us to purchase SCG's remaining interest, or 33.3% of Silversea Cruises, upon the occurrence or nonoccurrence of certain future events that are not solely within our control. At the acquisition date, the estimated fair value of the redeemable noncontrolling interest was based on 33.3% of Silversea Cruises' equity value, which was determined based on the transaction price paid for 66.7% of Silversea Cruises. As of December 31, 2018, SCG's interest is presented as *Redeemable noncontrolling interest* and is classified outside of shareholders' equity in our consolidated balance sheets. Additionally, the noncontrolling interest's share in the net earnings (loss) and contractual accretion requirements associated with the put options are included in *Net Income attributable to noncontrolling interests* our consolidated statements of comprehensive income (loss).

The following table presents changes in the redeemable noncontrolling interest as of December 31, 2018 (in thousands):

| | |
|--|-------------------|
| Balance as at January 1, 2018 | \$ — |
| Additions (Silversea Cruises acquisition) | 537,770 |
| Net income attributable to noncontrolling interest, including the contractual accretion of the put options | 4,750 |
| Other | (500) |
| Balance at December 31, 2018 | <u>\$ 542,020</u> |

Note 11. Shareholders' Equity

During the fourth and third quarters of 2018, we declared a cash dividend on our common stock of \$0.70 per share which was paid in the first quarter of 2019 and fourth quarter of 2018, respectively. During the first and second quarters of 2018, we declared a cash dividend on our common stock of \$0.60 per share which was paid in the second and third quarters of 2018, respectively.

During the fourth and third quarters of 2017, we declared a cash dividend on our common stock of \$0.60 per share which was paid in the first quarter of 2018 and fourth quarter of 2017, respectively. During the first and second quarters of 2017, we declared a cash dividend on our common stock of \$0.48 per share which was paid in the second and third quarters of 2017, respectively. During the first quarter of 2017, we also paid a cash dividend on our common stock of \$0.48 per share which was declared during the fourth quarter of 2016.

In May 2018, our board of directors authorized a 24-month common stock repurchase program for up to \$1.0 billion. The timing and number of shares to be repurchased will depend on a variety of factors, including price and market conditions. Repurchases under the program may be made at management's discretion from time to time on the open market or through privately negotiated transactions. During the year ended December 31, 2018, we repurchased

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2.8 million shares of our common stock under this program, for a total of \$300.0 million, in open market transactions that were recorded within *Treasury stock* in our consolidated balance sheets. As of December 31, 2018, we have \$700.0 million that remains available for future stock repurchase transactions under our Board authorized program.

In April 2017, our board of directors authorized a 12-month common stock repurchase program for up to \$500.0 million that was completed in February 2018. During 2018 and 2017, we repurchased 2.1 million and 1.8 million shares of our common stock for a total of \$275.0 million and \$225.0 million, respectively, totaling \$500.0 million in open market transactions that were recorded within *Treasury stock* in our consolidated balance sheets.

Note 12. Stock-Based Employee Compensation

We currently have awards outstanding under one stock-based compensation plan, our 2008 Equity Plan, which provides for awards to our officers, directors and key employees. The 2008 Equity Plan, as amended, provides for the issuance of up to 14,000,000 shares of our common stock pursuant to grants of (i) incentive and non-qualified stock options, (ii) stock appreciation rights, (iii) stock awards (including time-based and/or performance-based stock awards) and (iv) restricted stock units (including time-based and performance-based restricted stock units). During any calendar year, no one individual (other than non-employee members of our board of directors) may be granted awards of more than 500,000 shares and no non-employee member of our board of directors may be granted awards with a value in excess of \$500,000 at the grant date. Options and restricted stock units outstanding as of December 31, 2018 generally vest in equal installments over four years from the date of grant. In addition, performance shares and performance share units generally vest in three years. With certain limited exceptions, awards are forfeited if the recipient ceases to be an employee before the shares vest.

Prior to 2012, our officers received a combination of stock options and restricted stock units. Beginning in 2012, our officers instead receive their long-term incentive awards through a combination of performance share units and restricted stock units. Each performance share unit award is expressed as a target number of performance share units based upon the fair market value of our common stock on the date the award is issued. The actual number of shares underlying each award (not to exceed 200% of the target number of performance share units) will be determined based upon the Company's achievement of a specified performance target range. In 2018, we issued a target number of 184,550 performance share units, which will vest approximately three years following the award issue date. The performance payout of these grants will be based on return on our invested capital ("ROIC") and earnings per share ("EPS") for the year ended December 31, 2020, as may be adjusted by the Talent and Compensation Committee of our board of directors in early 2021 for events that are outside of management's control.

Beginning in 2016, our senior officers meeting certain minimum age and service criteria receive their long-term incentive awards through a combination of restricted stock awards and restricted stock units. The restricted stock awards are subject to both performance and time-based vesting criteria while the restricted stock units are subject only to time-based vesting criteria. Each restricted stock award is issued in an amount equal to 200% of the target number of shares underlying the award based upon the fair market value of our common stock on the date the award is issued. Dividends accrue (but do not get paid) on the restricted stock awards during the vesting period, with the accrued amounts to be paid out following vesting only on the number of shares underlying the award which actually vest based on satisfaction of the performance criteria. The actual number of shares that vest (not to exceed 200% of the shares) will be determined based upon the Company's achievement of a specified performance target range. In 2018, we issued 120,022 restricted stock awards, representing 200%⁽¹⁾ of the target number of shares underlying the award, all of which are considered issued and outstanding from the date of issuance, however; grantees will only retain those shares earned as the result of the Company achieving the performance goals during the measurement period. The performance payout of the 2018 awards will be based on ROIC and EPS for the year ended December 31, 2020, as may be adjusted by the Talent and Compensation Committee of our board of directors in early 2021 for events that are outside of management's control.

On January 24, 2018, the Company issued a one-time bonus award for all non-officer employees. These awards vest, in equal installments, over the 3 years following the award issue date. For shoreside eligible employees, awards were issued as equity-settled restricted stock units.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We also provide an Employee Stock Purchase Plan ("ESPP") to facilitate the purchase by employees of up to 1,300,000 shares of common stock in the aggregate. Offerings to employees are made on a quarterly basis. Subject to certain limitations, the purchase price for each share of common stock is equal to 85% of the average of the market prices of the common stock as reported on the New York Stock Exchange on the first business day of the purchase period and the last business day of each month of the purchase period. During the years ended December 31, 2018, 2017 and 2016, 74,100, 51,989 and 42,347 shares of our common stock were purchased under the ESPP at a weighted-average price of \$97.50, \$93.15 and \$65.48, respectively.

Total compensation expense recognized for employee stock-based compensation for the years ended December 31, 2018, 2017 and 2016 was as follows (in thousands):

| <u>Classification of expense</u> | <u>Employee Stock-Based Compensation</u> | | |
|--|--|------------------|------------------|
| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Marketing, selling and administrative expenses | \$ 46,061 | \$ 69,459 | \$ 32,659 |
| Total compensation expense | <u>\$ 46,061</u> | <u>\$ 69,459</u> | <u>\$ 32,659</u> |

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model. The estimated fair value of stock options, less estimated forfeitures, is amortized over the vesting period using the graded-vesting method. We did not issue any stock options during the years ended December 31, 2018, 2017 and 2016.

Stock option activity and information about stock options outstanding are summarized in the following table:

| <u>Stock Option Activity</u> | <u>Number of Options</u> | <u>Weighted-Average Exercise Price</u> | <u>Weighted-Average Remaining Contractual Term</u> (years) | <u>Aggregate Intrinsic Value⁽¹⁾</u> (in thousands) |
|--|--------------------------|--|---|--|
| Outstanding at January 1, 2018 | 272,724 | \$ 32.15 | 1.41 | \$ 24,053 |
| Granted | — | — | | |
| Exercised | (117,977) | \$ 36.14 | | |
| Canceled | (1,654) | \$ 32.49 | | |
| Outstanding at December 31, 2018 | <u>153,093</u> | \$ 29.06 | 1.23 | \$ 10,399 |
| Vested at December 31, 2018 | <u>153,093</u> | \$ 29.06 | 1.23 | \$ 10,399 |
| Options Exercisable at December 31, 2018 | <u>153,093</u> | \$ 29.06 | 1.23 | \$ 10,399 |

(1) The intrinsic value represents the amount by which the fair value of stock exceeds the option exercise price.

The total intrinsic value of stock options exercised during the years ended December 31, 2018, 2017 and 2016 was \$11.1 million, \$4.5 million and \$2.3 million, respectively. As of December 31, 2018, there was no unrecognized compensation cost, net of estimated forfeitures, related to stock options granted under our stock incentive plan.

Restricted stock units are converted into shares of common stock upon vesting or, if applicable, are settled on a one-for-one basis. The cost of these awards is determined using the fair value of our common stock on the date of the grant, and compensation expense is recognized over the vesting period. Restricted stock activity is summarized in the following table:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| Restricted Stock Units Activity | Number of Awards | Weighted-Average Grant Date Fair Value |
|--|-------------------------|---|
| Non-vested share units as of January 1, 2018 | 737,899 | \$ 83.78 |
| Granted | 392,427 | \$ 122.12 |
| Vested | (276,059) | \$ 78.09 |
| Canceled | (53,682) | \$ 101.82 |
| Non-vested share units as of December 31, 2018 | <u>800,585</u> | <u>\$ 103.32</u> |

The weighted-average estimated fair value of restricted stock units granted during the years ended December 31, 2017 and 2016 was \$99.03 and \$64.51, respectively. The total fair value of shares released on the vesting of restricted stock units during the years ended December 31, 2018, 2017 and 2016 was \$33.9 million, \$38.7 million and \$23.2 million, respectively. As of December 31, 2018, we had \$43.1 million of total unrecognized compensation expense, net of estimated forfeitures, related to restricted stock unit grants, which will be recognized over the weighted-average period of 1.68 years.

Performance share units are converted into shares of common stock upon vesting on a one-for-one basis. We estimate the fair value of each performance share when the grant is authorized and the related service period has commenced. We remeasure the fair value of our performance shares in each subsequent reporting period until the grant date has occurred, which is the date when the performance conditions are satisfied. We recognize compensation cost over the vesting period based on the probability of the service and performance conditions being achieved adjusted for each subsequent fair value measurement until the grant date. If the specified service and performance conditions are not met, compensation expense will not be recognized and any previously recognized compensation expense will be reversed. Performance share units activity is summarized in the following table:

| Performance Share Units Activity | Number of Awards | Weighted-Average Grant Date Fair Value |
|--|-------------------------|---|
| Non-vested share units as of January 1, 2018 | 353,150 | \$ 74.87 |
| Granted | 184,550 | \$ 97.98 |
| Vested | (218,568) | \$ 72.79 |
| Canceled | (16,571) | \$ 109.46 |
| Non-vested share units as of December 31, 2018 | <u>302,561</u> | <u>\$ 88.57</u> |

The weighted-average estimated fair value of performance share units granted during the years ended December 31, 2017 and 2016 was \$84.16 and \$65.83, respectively. The total fair value of shares released on the vesting of performance share units during the years ended December 31, 2018, 2017 and 2016 was \$27.3 million, \$10.0 million and \$16.9 million, respectively. As of December 31, 2018, we had \$7.7 million of total unrecognized compensation expense, net of estimated forfeitures, related to performance share unit grants, which will be recognized over the weighted-average period of 1.00 year.

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The shares underlying our restricted stock awards to age and service eligible senior officers are issued as of the grant date in an amount equal to 200% of the target number of shares. Following the vesting date, the restrictions will lift with respect to the number of shares for which the performance criteria was met and any excess shares will be canceled. Dividends will accrue on the issued restricted shares during the vesting period, but will not be paid to the recipient until the awards vest and the final number of shares underlying the award is determined, at which point, the dividends will be paid in cash only on the earned shares. We estimate the fair value of each restricted stock award when the grant is authorized and the related service period has commenced. We remeasure the fair value of these restricted stock awards in each subsequent reporting period until the grant date has occurred, which is the date when the performance conditions are satisfied. We recognize compensation cost over the vesting period based on the probability of the service and performance conditions being achieved adjusted for each subsequent fair value measurement until the grant date. If the specified service and performance conditions are not met, compensation expense will not be recognized, any previously recognized compensation expense will be reversed, and any unearned shares will be returned to the Company. Restricted stock awards activity is summarized in the following table:

| <u>Restricted Stock Awards Activity</u> | <u>Number of Awards</u> | <u>Weighted-Average Grant Date Fair Value</u> |
|--|-------------------------|---|
| Non-vested share units as of January 1, 2018 | 270,176 | \$ 81.28 |
| Granted | 120,022 | \$ 129.23 |
| Vested | — | — |
| Canceled | — | — |
| Non-vested share units as of December 31, 2018 | <u>390,198</u> | <u>\$ 96.03</u> |

The weighted-average estimated fair value of restricted stock awards granted during the years ended December 31, 2017 and 2016 was \$95.04 and \$66.93, respectively. As of December 31, 2018, we had \$1.6 million of total unrecognized compensation expense, net of estimated forfeitures, related to restricted stock award grants, which will be recognized over the weighted-average period of 1.08 years.

Note 13. Earnings Per Share

A reconciliation between basic and diluted earnings per share is as follows (in thousands, except per share data):

| | <u>Year Ended December 31,</u> | | |
|--|--------------------------------|----------------|----------------|
| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Net Income attributable to Royal Caribbean Cruises Ltd. for basic and diluted earnings per share | \$ 1,811,042 | \$ 1,625,133 | \$ 1,283,388 |
| Weighted-average common shares outstanding | 210,570 | 214,617 | 215,393 |
| Dilutive effect of stock-based awards | 984 | 1,077 | 923 |
| Diluted weighted-average shares outstanding | <u>211,554</u> | <u>215,694</u> | <u>216,316</u> |
| Basic earnings per share | \$ 8.60 | \$ 7.57 | \$ 5.96 |
| Diluted earnings per share | \$ 8.56 | \$ 7.53 | \$ 5.93 |

There were no antidilutive shares for the years ended December 31, 2018, 2017 and 2016.

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 14. Retirement Plan

We maintain a defined contribution plan covering shoreside employees. Effective January 1, 2016, we commenced annual, non-elective contributions to the plan on behalf of all eligible participants equal to 3% of participants' eligible earnings. Remaining annual contributions to the plan are discretionary and are based on fixed percentages of participants' salaries and years of service, not to exceed certain maximums. Contribution expenses were \$18.9 million, \$17.4 million and \$16.7 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Note 15. Income Taxes

We are subject to corporate income taxes in countries where we have operations or subsidiaries. We and the majority of our ship-operating and vessel-owning subsidiaries are currently exempt from U.S. corporate tax on U.S. source income from the international operation of ships pursuant to Section 883 of the Internal Revenue Code. Regulations under Section 883 have limited the activities that are considered the international operation of a ship or incidental thereto. Accordingly, our provision for U.S. federal and state income taxes includes taxes on certain activities not considered incidental to the international operation of our ships.

Additionally, one of our ship-operating subsidiaries is subject to tax under the tonnage tax regime of the United Kingdom. Under this regime, income from qualifying activities is subject to corporate income tax, but the tax is computed by reference to the tonnage of the ship or ships registered under the relevant provisions of the tax regimes (the "relevant shipping profits"), which replaces the regular taxable income base. Income from activities not considered qualifying activities, which we do not consider significant, remains subject to United-Kingdom corporate income tax.

Income tax expense for items not qualifying under Section 883, tonnage tax and income taxes for the remainder of our subsidiaries was approximately \$20.9 million, \$18.3 million and \$20.1 million for the years ended December 31, 2018, 2017 and 2016, respectively, and was recorded within *Other income (expense)*. In addition, all interest expense and penalties related to income tax liabilities are classified as income tax expense within *Other income (expense)*.

For a majority of our subsidiaries, we do not expect to incur income taxes on future distributions of undistributed earnings. Accordingly, no deferred income taxes have been provided for the distribution of these earnings. Where we do expect to incur income taxes on future distributions of undistributed earnings, we have provided for deferred taxes, which we do not consider significant to our operations.

As of December 31, 2018, the Company had deferred tax assets, including net operating losses ("NOLs") in foreign jurisdictions of \$24.8 million. If not utilized, \$14.0 million of the NOLs are subject to expiration between 2019 and 2025. The Company has recognized \$0.4 million of benefit related to these NOLs, as the remaining NOLs have full valuation allowances.

Net deferred tax assets and deferred tax liabilities and corresponding valuation allowances related to our operations were not material as of December 31, 2018 and 2017.

We regularly review deferred tax assets for recoverability based on our history of earnings, expectations of future earnings, and tax planning strategies. Realization of deferred tax assets ultimately depends on the existence of sufficient taxable income to support the amount of deferred taxes. A valuation allowance is recorded in those circumstances in which we conclude it is not more-likely-than-not we will recover the deferred tax assets prior to their expiration.

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 16. Changes in Accumulated Other Comprehensive Income (Loss)

The following table presents the changes in accumulated other comprehensive loss by component for the years ended December 31, 2018 and 2017 (in thousands):

| | Changes related to cash flow derivative hedges | Changes in defined benefit plans | Foreign currency translation adjustments | Accumulated other comprehensive (loss) income |
|--|--|--|--|---|
| Accumulated comprehensive loss at January 1, 2016 | \$ (1,232,073) | \$ (26,447) | \$ (69,913) | \$ (1,328,433) |
| Other comprehensive income (loss) before reclassifications | 73,973 | (2,777) | 2,362 | 73,558 |
| Amounts reclassified from accumulated other comprehensive loss | 337,250 | 1,141 | — | 338,391 |
| Net current-period other comprehensive income (loss) | 411,223 | (1,636) | 2,362 | 411,949 |
| Accumulated comprehensive loss at January 1, 2017 | (820,850) | (28,083) | (67,551) | (916,484) |
| Other comprehensive income (loss) before reclassifications | 381,865 | (6,755) | 17,307 | 392,417 |
| Amounts reclassified from accumulated other comprehensive loss | 188,630 | 1,172 | — | 189,802 |
| Net current-period other comprehensive income (loss) | 570,495 | (5,583) | 17,307 | 582,219 |
| Accumulated comprehensive loss at January 1, 2018 | (250,355) | (33,666) | (50,244) | (334,265) |
| Other comprehensive (loss) income before reclassifications | (297,994) | 6,156 | (14,251) | (306,089) |
| Amounts reclassified from accumulated other comprehensive loss | 11,133 | 1,487 | — | 12,620 |
| Net current-period other comprehensive (loss) income | (286,861) | 7,643 | (14,251) | (293,469) |
| Accumulated comprehensive loss at December 31, 2018 | \$ (537,216) | \$ (26,023) | \$ (64,495) | \$ (627,734) |

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents reclassifications out of accumulated other comprehensive loss for the years ended December 31, 2018, 2017 and 2016 (in thousands):

| Details about Accumulated Other Comprehensive Loss Components | Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income | | | Affected Line Item in Statements of Comprehensive Income (Loss) |
|--|---|-------------------------------------|-------------------------------------|--|
| | Year Ended December 31, 2018 | Year Ended December 31, 2017 | Year Ended December 31, 2016 | |
| Gain (loss) on cash flow derivative hedges: | | | | |
| Interest rate swaps | (10,931) | (31,603) | (41,480) | Interest expense, net of interest capitalized |
| Foreign currency forward contracts | (12,843) | (10,840) | (8,114) | Depreciation and amortization expenses |
| Foreign currency forward contracts | 12,855 | (9,472) | (14,342) | Other income (expense) |
| Foreign currency forward contracts | — | — | (207) | Other indirect operating expenses |
| Foreign currency collar options | — | (2,408) | (2,408) | Depreciation and amortization expenses |
| Fuel swaps | (1,580) | 7,382 | 13,685 | Other income (expense) |
| Fuel swaps | 1,366 | (141,689) | (284,384) | Fuel |
| | <u>(11,133)</u> | <u>(188,630)</u> | <u>(337,250)</u> | |
| Amortization of defined benefit plans: | | | | |
| Actuarial loss | (1,487) | (1,172) | (1,141) | Payroll and related |
| | <u>(1,487)</u> | <u>(1,172)</u> | <u>(1,141)</u> | |
| Total reclassifications for the period | <u>\$ (12,620)</u> | <u>\$ (189,802)</u> | <u>\$ (338,391)</u> | |

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 17. Fair Value Measurements and Derivative Instruments

Fair Value Measurements

The estimated fair value of our financial instruments that are not measured at fair value, categorized based upon the fair value hierarchy, are as follows (in thousands):

| Description | Fair Value Measurements at December 31, 2018 | | | | | Fair Value Measurements at December 31, 2017 | | | | |
|---|--|---------------------|------------------------|------------------------|------------------------|--|---------------------|------------------------|------------------------|------------------------|
| | Total Carrying Amount | Total Fair Value | Level 1 ⁽¹⁾ | Level 2 ⁽²⁾ | Level 3 ⁽³⁾ | Total Carrying Amount | Total Fair Value | Level 1 ⁽¹⁾ | Level 2 ⁽²⁾ | Level 3 ⁽³⁾ |
| Assets: | | | | | | | | | | |
| Cash and cash equivalents ⁽⁴⁾ | \$ 287,852 | \$ 287,852 | \$ 287,852 | — | — | \$ 120,112 | \$ 120,112 | \$ 120,112 | — | — |
| Total Assets | \$ 287,852 | \$ 287,852 | \$ 287,852 | \$ — | \$ — | \$ 120,112 | \$ 120,112 | \$ 120,112 | \$ — | \$ — |
| Liabilities: | | | | | | | | | | |
| Long-term debt (including current portion of long-term debt) ⁽⁵⁾ | \$ 9,871,267 | \$10,244,214 | — | \$10,244,214 | — | \$ 7,506,312 | \$ 8,038,092 | — | \$ 8,038,092 | — |
| Total Liabilities | \$ 9,871,267 | \$10,244,214 | \$ — | \$10,244,214 | \$ — | \$ 7,506,312 | \$ 8,038,092 | \$ — | \$ 8,038,092 | \$ — |

- (1) Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.
- (2) Inputs other than quoted prices included within Level 1 that are observable for the liability, either directly or indirectly. For unsecured revolving credit facilities and unsecured term loans, fair value is determined utilizing the income valuation approach. This valuation model takes into account the contract terms of our debt such as the debt maturity and the interest rate on the debt. The valuation model also takes into account the creditworthiness of the Company.
- (3) Inputs that are unobservable. The Company did not use any Level 3 inputs as of December 31, 2018 and 2017.
- (4) Consists of cash and marketable securities with original maturities of less than 90 days.
- (5) Consists of unsecured revolving credit facilities, senior notes, senior debentures and term loans. These amounts do not include our capital lease obligations or commercial paper.

Fair Value Measurements on a Nonrecurring Basis

During 2018, we announced that Skysea Holding would cease cruising operations by the end of 2018. As a result, we did not deem our investment balance to be recoverable and estimated the fair value of our investment to be zero. For further information on our Skysea Holding investment and impairment, refer to Note 8. *Other Assets*.

Other Financial Instruments

The carrying amounts of accounts receivable, accounts payable, accrued interest, accrued expenses and commercial paper approximate fair value as of December 31, 2018 and 2017.

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Assets and liabilities that are recorded at fair value have been categorized based upon the fair value hierarchy. The following table presents information about the Company's financial instruments recorded at fair value on a recurring basis (in thousands):

| Description | Fair Value Measurements at December 31, 2018 | | | | Fair Value Measurements at December 31, 2017 | | | |
|---|--|------------------------|------------------------|------------------------|--|------------------------|------------------------|------------------------|
| | Total Fair Value | Level 1 ⁽¹⁾ | Level 2 ⁽²⁾ | Level 3 ⁽³⁾ | Total Fair Value | Level 1 ⁽¹⁾ | Level 2 ⁽²⁾ | Level 3 ⁽³⁾ |
| Assets: | | | | | | | | |
| Derivative financial instruments ⁽⁴⁾ | \$ 65,297 | \$ — | \$ 65,297 | \$ — | \$ 320,385 | \$ — | \$ 320,385 | \$ — |
| Investments ⁽⁵⁾ | — | — | — | — | 3,340 | 3,340 | — | — |
| Total Assets | \$ 65,297 | \$ — | \$ 65,297 | \$ — | \$ 323,725 | \$ 3,340 | \$ 320,385 | \$ — |
| Liabilities: | | | | | | | | |
| Derivative financial instruments ⁽⁶⁾ | \$ 201,812 | \$ — | \$ 201,812 | \$ — | \$ 115,961 | \$ — | \$ 115,961 | \$ — |
| Contingent consideration ⁽⁷⁾ | 44,000 | — | — | 44,000 | — | — | — | — |
| Total Liabilities | \$ 245,812 | \$ — | \$ 201,812 | \$ 44,000 | \$ 115,961 | \$ — | \$ 115,961 | \$ — |

- (1) Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.
- (2) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. For foreign currency forward contracts, interest rate swaps and fuel swaps, fair value is derived using valuation models that utilize the income valuation approach. These valuation models take into account the contract terms, such as maturity as well as other inputs, such as foreign exchange rates and curves, fuel types, fuel curves and interest rate yield curves. Derivative instrument fair values take into account the creditworthiness of the counterparty and the Company.
- (3) Inputs that are unobservable. The Company did not use any Level 3 inputs as of December 31, 2017.
- (4) Consists of foreign currency forward contracts, interest rate swaps and fuel swaps. Refer to the "Fair Value of Derivative Instruments" table for breakdown by instrument type.
- (5) Consists of exchange-traded equity securities and mutual funds reported within *Other assets* in our consolidated balance sheets.
- (6) Consists of foreign currency forward contracts, interest rate swaps and fuel swaps. Refer to the "Fair Value of Derivative Instruments" table for breakdown by instrument type.
- (7) The contingent consideration related to the Silversea Cruises acquisition was estimated by applying a Monte-Carlo simulation method using our closing stock price along with significant inputs not observable in the market, including the probability of achieving the milestones and estimated future operating results. The Monte-Carlo simulation is a generally accepted statistical technique used to generate a defined number of valuation paths in order to develop a reasonable estimate of fair value. Refer to Note 3. *Business Combination* for further information on the Silversea Cruises acquisition.

The reported fair values are based on a variety of factors and assumptions. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of December 31, 2018 or 2017, or that will be realized in the future, and do not include expenses that could be incurred in an actual sale or settlement.

We have master International Swaps and Derivatives Association ("ISDA") agreements in place with our derivative instrument counterparties. These ISDA agreements generally provide for final close out netting with our counterparties for all positions in the case of default or termination of the ISDA agreement. We have determined that our ISDA agreements provide us with rights of setoff on the fair value of derivative instruments in a gain position and those in a loss position with the same counterparty. We have elected not to offset such derivative instrument fair values in our consolidated balance sheets.

See *Credit Related Contingent Features* for further discussion on contingent collateral requirements for our derivative instruments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents information about the Company's offsetting of financial assets under master netting agreements with derivative counterparties (in thousands):

| Gross Amounts not Offset in the Consolidated Balance Sheet that are Subject to Master Netting Agreements | | | | | | | | |
|--|---|--------------------------|---------------------------------|---|--|--------------------------|---------------------------------|-------------------|
| As of December 31, 2018 | | | | As of December 31, 2017 | | | | |
| Gross Amount of Derivative Assets Presented in the Consolidated Balance Sheet | Gross Amount of Eligible Offsetting Recognized Derivative Liabilities | Cash Collateral Received | Net Amount of Derivative Assets | Gross Amount of Derivative Assets Presented in the Consolidated Balance Sheet | Gross Amount of Eligible Offsetting Recognized Derivative Assets | Cash Collateral Received | Net Amount of Derivative Assets | |
| Derivatives subject to master netting agreements | \$ 65,297 | \$ (60,303) | \$ — | \$ 4,994 | \$ 320,385 | \$ (104,751) | \$ — | \$ 215,634 |
| Total | \$ 65,297 | \$ (60,303) | \$ — | \$ 4,994 | \$ 320,385 | \$ (104,751) | \$ — | \$ 215,634 |

The following table presents information about the Company's offsetting of financial liabilities under master netting agreements with derivative counterparties (in thousands):

| Gross Amounts not Offset in the Consolidated Balance Sheet that are Subject to Master Netting Agreements | | | | | | | |
|--|--|-------------------------|--------------------------------------|--|---|-------------------------|--------------------------------------|
| As of December 31, 2018 | | | | As of December 31, 2017 | | | |
| Gross Amount of Derivative Liabilities Presented in the Consolidated Balance Sheet | Gross Amount of Eligible Offsetting Recognized Derivative Assets | Cash Collateral Pledged | Net Amount of Derivative Liabilities | Gross Amount of Derivative Liabilities Presented in the Consolidated Balance Sheet | Gross Amount of Eligible Offsetting Recognized Derivative Liabilities | Cash Collateral Pledged | Net Amount of Derivative Liabilities |
| Derivatives subject to master netting agreements | \$ (201,812) | \$ 60,303 | \$ (141,509) | \$ (115,961) | \$ 104,751 | \$ — | \$ (11,210) |
| Total | \$ (201,812) | \$ 60,303 | \$ (141,509) | \$ (115,961) | \$ 104,751 | \$ — | \$ (11,210) |

Derivative Instruments

We are exposed to market risk attributable to changes in interest rates, foreign currency exchange rates and fuel prices. We try to mitigate these risks through a combination of our normal operating and financing activities and through the use of derivative financial instruments pursuant to our hedging practices and policies. The financial impact of these hedging instruments is primarily offset by corresponding changes in the underlying exposures being hedged. We achieve this by closely matching the notional amount, term and conditions of the derivative instrument with the underlying risk being hedged. Although certain of our derivative financial instruments do not qualify or are not accounted for under hedge accounting, our objective is not to hold or issue derivative financial instruments for trading or other speculative purposes.

We enter into various forward, swap and option contracts to manage our interest rate exposure and to limit our exposure to fluctuations in foreign currency exchange rates and fuel prices. These instruments are recorded on the balance sheet at their fair value and the vast majority are designated as hedges. We also use non-derivative financial instruments designated as hedges of our net investment in our foreign operations and investments.

At inception of the hedge relationship, a derivative instrument that hedges the exposure to changes in the fair value of a firm commitment or a recognized asset or liability is designated as a fair value hedge. A derivative instrument that hedges a forecasted transaction or the variability of cash flows related to a recognized asset or liability is designated as a cash flow hedge.

Changes in the fair value of derivatives that are designated as fair value hedges are offset against changes in the fair value of the underlying hedged assets, liabilities or firm commitments. Gains and losses on derivatives that are designated as cash flow hedges are recorded as a component of *Accumulated other comprehensive loss* until the underlying hedged transactions are

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

recognized in earnings. The foreign currency transaction gain or loss of our non-derivative financial instruments and the changes in the fair value of derivatives designated as hedges of our net investment in foreign operations and investments are recognized as a component of *Accumulated other comprehensive loss* along with the associated foreign currency translation adjustment of the foreign operation or investment, with the amortization of excluded components affecting earnings.

On an ongoing basis, we assess whether derivatives used in hedging transactions are "highly effective" in offsetting changes in the fair value or cash flow of hedged items. We use the long-haul method to assess hedge effectiveness using regression analysis for each hedge relationship under our interest rate, foreign currency and fuel hedging programs. We apply the same methodology on a consistent basis for assessing hedge effectiveness to all hedges within each hedging program (i.e., interest rate, foreign currency and fuel). We perform regression analyses over an observation period of up to three years, utilizing market data relevant to the hedge horizon of each hedge relationship. High effectiveness is achieved when a statistically valid relationship reflects a high degree of offset and correlation between the changes in the fair values of the derivative instrument and the hedged item. If it is determined that a derivative is not highly effective as a hedge or hedge accounting is discontinued, any change in fair value of the derivative since the last date at which it was determined to be effective is recognized in earnings.

Cash flows from derivative instruments that are designated as fair value or cash flow hedges are classified in the same category as the cash flows from the underlying hedged items. In the event that hedge accounting is discontinued, cash flows subsequent to the date of discontinuance are classified within investing activities. Cash flows from derivative instruments not designated as hedging instruments are classified as investing activities.

We consider the classification of the underlying hedged item's cash flows in determining the classification for the designated derivative instrument's cash flows. We classify derivative instrument cash flows from hedges of benchmark interest rate or hedges of fuel expense as operating activities due to the nature of the hedged item. Likewise, we classify derivative instrument cash flows from hedges of foreign currency risk on our newbuild ship payments as investing activities.

Interest Rate Risk

Our exposure to market risk for changes in interest rates primarily relates to our debt obligations including future interest payments. At December 31, 2018 and 2017, approximately 59.1% and 57.4%, respectively, of our long-term debt was effectively fixed. We use interest rate swap agreements to modify our exposure to interest rate movements and to manage our interest expense.

Market risk associated with our fixed rate debt is the potential increase in fair value resulting from a decrease in interest rates. We use interest rate swap agreements that effectively convert a portion of our fixed-rate debt to a floating-rate basis to manage this risk. At December 31, 2018 and 2017, we maintained interest rate swap agreements on the following fixed-rate debt instruments:

| Debt Instrument | Swap Notional as of December 31, 2018 (In thousands) | Maturity | Debt Fixed Rate | Swap Floating Rate: LIBOR plus | All-in Swap Floating Rate as of December 31, 2018 |
|------------------------------------|--|---------------|-----------------|-----------------------------------|--|
| <i>Oasis of the Seas</i> term loan | \$ 105,000 | October 2021 | 5.41% | 3.87% | 6.63% |
| Unsecured senior notes | 650,000 | November 2022 | 5.25% | 3.63% | 6.25% |
| | <u>\$ 755,000</u> | | | | |

These interest rate swap agreements are accounted for as fair value hedges.

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Market risk associated with our long-term floating rate debt is the potential increase in interest expense from an increase in interest rates. We use interest rate swap agreements that effectively convert a portion of our floating-rate debt to a fixed-rate basis to manage this risk. At December 31, 2018 and 2017, we maintained interest rate swap agreements on the following floating-rate debt instruments:

| Debt Instrument | Swap Notional as of December 31, 2018 (In thousands) | Maturity | Debt Floating Rate | All-in Swap Fixed Rate |
|---|--|--------------|--------------------|------------------------|
| <i>Celebrity Reflection</i> term loan | \$ 327,250 | October 2024 | LIBOR plus 0.40% | 2.85% |
| <i>Quantum of the Seas</i> term loan | 490,000 | October 2026 | LIBOR plus 1.30% | 3.74% |
| <i>Anthem of the Seas</i> term loan | 513,542 | April 2027 | LIBOR plus 1.30% | 3.86% |
| <i>Ovation of the Seas</i> term loan | 657,083 | April 2028 | LIBOR plus 1.00% | 3.16% |
| <i>Harmony of the Seas</i> term loan ⁽¹⁾ | 627,660 | May 2028 | EURIBOR plus 1.15% | 2.26% |
| | <u>\$ 2,615,535</u> | | | |

(1) Interest rate swap agreements hedging the Euro-denominated term loan for *Harmony of the Seas* include a EURIBOR zero-floor matching the hedged debt EURIBOR zero-floor. Amount presented is based on the exchange rate as of December 31, 2018.

These interest rate swap agreements are accounted for as cash flow hedges.

The notional amount of interest rate swap agreements related to outstanding debt as of December 31, 2018 and 2017 was \$3.4 billion and \$3.8 billion, respectively.

Foreign Currency Exchange Rate Risk

Derivative Instruments

Our primary exposure to foreign currency exchange rate risk relates to our ship construction contracts denominated in Euros, our foreign currency denominated debt and our international business operations. We enter into foreign currency forward contracts to manage portions of the exposure to movements in foreign currency exchange rates. As of December 31, 2018, the aggregate cost of our ships on order, not including any ships on order by our Partner Brands and the Silversea Cruises ships that remain contingent upon final documentation and financing, was approximately \$11.4 billion, of which we had deposited \$651.7 million as of such date. At December 31, 2018 and 2017, approximately 53.5% and 54.0%, respectively, of the aggregate cost of the ships under construction was exposed to fluctuations in the Euro exchange rate. Our foreign currency forward contract agreements are accounted for as cash flow or net investment hedges depending on the designation of the related hedge.

On a regular basis, we enter into foreign currency forward contracts and, from time to time, we utilize cross-currency swap agreements and collar options to minimize the volatility resulting from the remeasurement of net monetary assets and liabilities denominated in a currency other than our functional currency or the functional currencies of our foreign subsidiaries. During the year ended December 31, 2018, we maintained an average of approximately \$741.5 million of these foreign currency forward contracts. These instruments are not designated as hedging instruments. For the years ended December 31, 2018, 2017 and 2016, changes in the fair value of the foreign currency forward contracts resulted in (losses) gains of approximately \$(62.4) million, \$62.0 million and \$(51.1) million, respectively, which offset gains (losses) arising from the remeasurement of monetary assets and liabilities denominated in foreign currencies in those same years of \$57.6 million, \$(75.6) million and \$39.8 million, respectively. These amounts were recognized in earnings within *Other income (expense)* in our consolidated statements of comprehensive income (loss).

We consider our investments in our foreign operations to be denominated in relatively stable currencies and of a long-term nature. As of December 31, 2018, we maintained foreign currency forward contracts and designated them as hedges of a portion of our net investments primarily in TUI cruises of €101.0 million, or approximately \$115.5 million based on the exchange rate at December 31, 2018. These forward currency contracts mature in October 2021.

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The notional amount of outstanding foreign exchange contracts, excluding the forward contracts entered into to minimize remeasurement volatility, as of December 31, 2018 and 2017 was \$3.7 billion and \$4.6 billion, respectively.

Non-Derivative Instruments

We also address the exposure of our investments in foreign operations by denominating a portion of our debt in our subsidiaries' and investments' functional currencies and designating it as a hedge of these subsidiaries and investments. We had designated debt as a hedge of our net investments primarily in TUI Cruises of approximately €280.0 million, or approximately \$320.2 million, through December 31, 2018. As of December 31, 2017, we had designated debt as a hedge of our net investments primarily in TUI Cruises of approximately €246.0 million, or approximately \$295.3 million.

Fuel Price Risk

Our exposure to market risk for changes in fuel prices relates primarily to the consumption of fuel on our ships. We use fuel swap agreements to mitigate the financial impact of fluctuations in fuel prices.

Our fuel swap agreements are accounted for as cash flow hedges. At December 31, 2018, we have hedged the variability in future cash flows for certain forecasted fuel transactions occurring through 2022. As of December 31, 2018 and 2017, we had the following outstanding fuel swap agreements:

| | Fuel Swap Agreements | |
|------|-------------------------|-------------------------|
| | As of December 31, 2018 | As of December 31, 2017 |
| | (metric tons) | |
| 2018 | — | 673,700 |
| 2019 | 856,800 | 668,500 |
| 2020 | 830,500 | 531,200 |
| 2021 | 488,900 | 224,900 |
| 2022 | 322,900 | — |

| | Fuel Swap Agreements | |
|------------------------------------|-------------------------|-------------------------|
| | As of December 31, 2018 | As of December 31, 2017 |
| | (% hedged) | |
| Projected fuel purchases for year: | | |
| 2018 | — | 50% |
| 2019 | 58% | 46% |
| 2020 | 54% | 36% |
| 2021 | 28% | 14% |
| 2022 | 19% | — |

At December 31, 2018 and 2017, \$26.8 million and \$23.7 million, respectively, of estimated unrealized net loss associated with our cash flow hedges pertaining to fuel swap agreements were expected to be reclassified to earnings from *Accumulated other comprehensive loss* within the next twelve months. Reclassification is expected to occur as the result of fuel consumption associated with our hedged forecasted fuel purchases.

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The fair value and line item caption of derivative instruments recorded within our consolidated balance sheets were as follows (in thousands):

| Fair Value of Derivative Instruments | | | | | | | | | |
|---|----------------------------------|------------------|-------------------------|----------------------------------|------------------------|-------------------------|------------|-------------------------|--|
| Asset Derivatives | | | | Liability Derivatives | | | | | |
| Balance Sheet Location | As of December 31, 2018 | | As of December 31, 2017 | | Balance Sheet Location | As of December 31, 2018 | | As of December 31, 2017 | |
| | Fair Value | Fair Value | Fair Value | Fair Value | | Fair Value | Fair Value | | |
| Derivatives designated as hedging instruments under ASC 815-20⁽¹⁾ | | | | | | | | | |
| Interest rate swaps | Other assets | \$ 23,518 | \$ 7,330 | Other long-term liabilities | \$ 40,467 | \$ 46,509 | | | |
| Foreign currency forward contracts | Derivative financial instruments | 4,044 | 68,352 | Derivative financial instruments | 39,665 | — | | | |
| Foreign currency forward contracts | Other assets | 10,844 | 158,879 | Other long-term liabilities | 16,854 | 6,625 | | | |
| Fuel swaps | Derivative financial instruments | 10,966 | 13,137 | Derivative financial instruments | 37,627 | 38,488 | | | |
| Fuel swaps | Other assets | 9,204 | 51,265 | Other long-term liabilities | 65,182 | 13,411 | | | |
| Total derivatives designated as hedging instruments under ASC 815-20 | | 58,576 | 298,963 | | 199,795 | 105,033 | | | |
| Derivatives not designated as hedging instruments under ASC 815-20 | | | | | | | | | |
| Foreign currency forward contracts | Derivative financial Instruments | 1,751 | 9,945 | Derivative financial instruments | 808 | 2,933 | | | |
| Foreign currency forward contracts | Other assets | 1,579 | 2,793 | Other long-term liabilities | 833 | 1,139 | | | |
| Fuel swaps | Derivative financial instruments | 2,804 | 7,886 | Derivative financial instruments | 376 | 6,043 | | | |
| Fuel swaps | Other assets | 587 | 798 | Other long-term liabilities | — | 813 | | | |
| Total derivatives not designated as hedging instruments under ASC 815-20 | | 6,721 | 21,422 | | 2,017 | 10,928 | | | |
| Total derivatives | | <u>\$ 65,297</u> | <u>\$ 320,385</u> | | <u>\$ 201,812</u> | <u>\$ 115,961</u> | | | |

(1) Accounting Standard Codification 815-20 "Derivatives and Hedging."

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The location and amount of gain or (loss) recognized in income on fair value and cash flow hedging relationships were as follows (in thousands):

| | Year Ended December 31, 2018 | | | | Year Ended December 31, 2017 | | | |
|---|------------------------------|---|----------------------------------|-------------------------------|------------------------------|--|---------------------------|------------------------|
| | Fuel Expense | Depreciation and Amortization Expenses | Interest Income (Expense) | Other Income (Expense) | Fuel Expense | Depreciation and Amortization Expenses | Interest Income (Expense) | Other Income (Expense) |
| Total amounts of income and expense line items presented in the statement of financial performance in which the effects of fair value or cash flow hedges are recorded | \$ 710,617 | \$ 1,033,697 | \$ (300,872) | \$ 11,107 | \$ 681,118 | \$ 951,194 | \$ (269,881) | \$ (5,289) |
| The effects of fair value and cash flow hedging: | | | | | | | | |
| Gain or (loss) on fair value hedging relationships in Subtopic 815-20 | | | | | | | | |
| Interest contracts | | | | | | | | |
| Hedged items | n/a | n/a | \$ 4,673 | — | n/a | n/a | — | \$ 6,065 |
| Derivatives designated as hedging instruments | n/a | n/a | \$ (8,854) | — | n/a | n/a | \$ 3,007 | \$ (3,139) |
| Gain or (loss) on cash flow hedging relationships in Subtopic 815-20 | | | | | | | | |
| Interest contracts | | | | | | | | |
| Amount of gain or (loss) reclassified from accumulated other comprehensive loss into income | n/a | n/a | \$ (10,931) | n/a | n/a | n/a | \$ (31,603) | n/a |
| Commodity contracts | | | | | | | | |
| Amount of gain or (loss) reclassified from accumulated other comprehensive loss into income | \$ 1,366 | n/a | n/a | \$ (1,580) | \$ (141,689) | n/a | n/a | \$ 7,382 |
| Foreign exchange contracts | | | | | | | | |
| Amount of gain or (loss) reclassified from accumulated other comprehensive loss into income | n/a | \$ (12,843) | n/a | \$ 12,855 | n/a | \$ (13,248) | n/a | \$ (9,472) |
| Year Ended December 31, 2016 | | | | | | | | |
| | Fuel Expense | Depreciation and Amortization Expenses | Interest Income (Expense) | Other Income (Expense) | | | | |
| Total amounts of income and expense line items presented in the statement of financial performance in which the effects of fair value or cash flow hedges are recorded | \$ 713,676 | \$ 894,915 | \$ (286,514) | \$ (35,653) | | | | |
| The effects of fair value and cash flow hedging: | | | | | | | | |
| Gain or (loss) on fair value hedging relationships in Subtopic 815-20 | | | | | | | | |
| Interest contracts | | | | | | | | |
| Hedged items | n/a | n/a | \$ 7,203 | \$ 5,072 | | | | |
| Derivatives designated as hedging instruments | n/a | n/a | \$ 7,488 | \$ (3,625) | | | | |
| Gain or (loss) on cash flow hedging relationships in Subtopic 815-20 | | | | | | | | |
| Interest contracts | | | | | | | | |
| Amount of gain or (loss) reclassified from accumulated other comprehensive loss into income | n/a | n/a | \$ (41,480) | n/a | | | | |
| Commodity contracts | | | | | | | | |
| Amount of gain or (loss) reclassified from accumulated other comprehensive loss into income | \$ (284,384) | n/a | n/a | \$ 13,685 | | | | |
| Foreign exchange contracts | | | | | | | | |
| Amount of gain or (loss) reclassified from accumulated other comprehensive loss into income | n/a | \$ (10,522) | n/a | \$ (14,342) | | | | |

ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The carrying value and line item caption of non-derivative instruments designated as hedging instruments recorded within our consolidated balance sheets were as follows (in thousands):

| Non-derivative instrument designated as hedging instrument under ASC 815-20 | Balance Sheet Location | Carrying Value | |
|---|-----------------------------------|-------------------------|-------------------------|
| | | As of December 31, 2018 | As of December 31, 2017 |
| Foreign currency debt | Current portion of long-term debt | \$ 38,168 | \$ 70,097 |
| Foreign currency debt | Long-term debt | 281,984 | 225,226 |
| | | <u>\$ 320,152</u> | <u>\$ 295,323</u> |

The effect of derivative instruments qualifying and designated as hedging instruments and the related hedged items in fair value hedges on the consolidated statements of comprehensive income (loss) was as follows (in thousands):

| Derivatives and related Hedged Items under ASC 815-20 Fair Value Hedging Relationships | Location of Gain (Loss) Recognized in Income on Derivative and Hedged Item | Amount of Gain (Loss) Recognized in Income on Derivative | | | Amount of Gain (Loss) Recognized in Income on Hedged Item | | |
|--|--|--|------------------------------|------------------------------|---|------------------------------|------------------------------|
| | | Year Ended December 31, 2018 | Year Ended December 31, 2017 | Year Ended December 31, 2016 | Year Ended December 31, 2018 | Year Ended December 31, 2017 | Year Ended December 31, 2016 |
| Interest rate swaps | Interest expense, net of interest capitalized | \$ (8,854) | \$ 3,007 | \$ 7,488 | \$ 4,673 | \$ — | \$ 7,203 |
| Interest rate swaps | Other income (expense) | — | (3,139) | (3,625) | — | 6,065 | 5,072 |
| | | <u>\$ (8,854)</u> | <u>\$ (132)</u> | <u>\$ 3,863</u> | <u>\$ 4,673</u> | <u>\$ 6,065</u> | <u>\$ 12,275</u> |

The fair value and line item caption of derivative instruments recorded within our consolidated balance sheets for the cumulative basis adjustment for fair value hedges were as follows (in thousands):

| Line Item in the Statement of Financial Position Where the Hedged Item is Included | Carrying Amount of the Hedged Liabilities | | Cumulative amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liabilities | |
|--|---|-------------------------|--|-------------------------|
| | As of December 31, 2018 | As of December 31, 2017 | As of December 31, 2018 | As of December 31, 2017 |
| Current portion of long-term debt and Long-term debt | \$ 725,486 | \$ 749,155 | \$ (24,766) | \$ (34,813) |
| | <u>\$ 725,486</u> | <u>\$ 749,155</u> | <u>\$ (24,766)</u> | <u>\$ (34,813)</u> |

The effect of derivative instruments qualifying and designated as cash flow hedging instruments on the consolidated financial statements was as follows (in thousands):

| Derivatives under ASC 815-20 Cash Flow Hedging Relationships | Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Income (Loss) on Derivative | | | Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income | Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Income | | |
|--|---|------------------------------|------------------------------|--|--|------------------------------|------------------------------|
| | Year Ended December 31, 2018 | Year Ended December 31, 2017 | Year Ended December 31, 2016 | | Year Ended December 31, 2018 | Year Ended December 31, 2017 | Year Ended December 31, 2016 |
| Interest rate swaps | \$ 18,578 | \$ (13,312) | \$ (31,049) | Interest expense | \$ (10,931) | \$ (31,603) | \$ (41,480) |
| Foreign currency forward contracts | (222,645) | 276,573 | (51,092) | Depreciation and amortization expenses | (12,843) | (10,840) | (8,114) |
| Foreign currency forward contracts | — | — | — | Other income (expense) | 12,855 | (9,472) | (14,342) |
| Foreign currency forward contracts | — | — | — | Other indirect operating expenses | — | — | (207) |
| Foreign currency collar options | — | — | — | Depreciation and amortization expenses | — | (2,408) | (2,408) |
| Fuel swaps | — | — | — | Other income (expense) | (1,580) | 7,382 | 13,685 |
| Fuel swaps | (93,927) | 118,604 | 156,139 | Fuel | 1,366 | (141,689) | (284,384) |
| | <u>\$ (297,994)</u> | <u>\$ 381,865</u> | <u>\$ 73,998</u> | | <u>\$ (11,133)</u> | <u>\$ (188,630)</u> | <u>\$ (337,250)</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The table below represents amounts excluded from the assessment of effectiveness for our net investment hedging instruments for which the difference between changes in fair value and periodic amortization is recorded in accumulated other comprehensive income (loss) (in thousands):

| Gain (Loss) Recognized in Income (Net Investment Excluded Components) | Year Ended December 31, 2018 |
|--|-------------------------------------|
| Net inception fair value at January 1, 2018 | \$ (11,335) |
| Amount of gain recognized in income on derivatives for the year ended December 31, 2018 | 2,976 |
| Amount of loss remaining to be amortized in accumulated other comprehensive loss as of December 31, 2018 | (1,339) |
| Fair value at December 31, 2018 | (9,698) |

The effect of non-derivative instruments qualifying and designated as net investment hedging instruments on the consolidated financial statements was as follows (in thousands):

| Non-derivative instruments under ASC 815-20 Net Investment Hedging Relationships | Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss) | | |
|---|--|-------------------------------------|-------------------------------------|
| | Year Ended December 31, 2018 | Year Ended December 31, 2017 | Year Ended December 31, 2016 |
| Foreign Currency Debt | \$ 13,210 | \$ (38,971) | \$ 20,295 |
| | \$ 13,210 | \$ (38,971) | \$ 20,295 |

The effect of derivatives not designated as hedging instruments on the consolidated financial statements was as follows (in thousands):

| Derivatives Not Designated as Hedging Instruments under ASC 815-20 | Location of Gain (Loss) Recognized in Income on Derivative | Amount of Gain (Loss) Recognized in Income on Derivative | | |
|---|---|---|-------------------------------------|-------------------------------------|
| | | Year Ended December 31, 2018 | Year Ended December 31, 2017 | Year Ended December 31, 2016 |
| Foreign currency forward contracts | Other income (expense) | \$ (62,423) | \$ 61,952 | \$ (51,029) |
| Fuel swaps | Fuel | 1,161 | — | — |
| Fuel swaps | Other income (expense) | 114 | (1,133) | (1,000) |
| | | \$ (61,148) | \$ 60,819 | \$ (52,029) |

Credit Related Contingent Features

Our current interest rate derivative instruments may require us to post collateral if our Standard & Poor's and Moody's credit ratings are below specified levels. Specifically, if on the fifth anniversary of executing a derivative instrument or on any succeeding fifth-year anniversary our credit ratings for our senior unsecured debt were to be rated below BBB- by Standard & Poor's and Baa3 by Moody's, then the counterparty may periodically demand that we post collateral in an amount equal to the difference between (i) the net market value of all derivative transactions with such counterparty that have reached their fifth year anniversary, to the extent negative, and (ii) the applicable minimum call amount.

The amount of collateral required to be posted following such event will change as, and to the extent, our net liability position increases or decreases by more than the applicable minimum call amount. If our credit rating for our senior unsecured debt is subsequently equal to, or above BBB- by Standard & Poor's or Baa3 by Moody's, then any collateral posted at such time will be released to us and we will no longer be required to post collateral unless we meet the collateral trigger requirement at the next fifth-year anniversary. At December 31, 2018, five of our interest rate derivative instruments had reached their fifth anniversary; however, our senior unsecured debt credit rating was Baa2 by Moody's and BBB- by Standard & Poor's and, accordingly, we were not required to post any collateral as of such date.

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Note 18. Commitments and Contingencies

Ship Purchase Obligations

Our future capital commitments consist primarily of new ship orders. As of December 31, 2018, we had two Quantum-class ships, one Oasis-class ship and two ships of a new generation of ships, known as our Icon-class, on order for our Royal Caribbean International brand with an aggregate capacity of approximately 25,300 berths. As of December 31, 2018, we have three Edge-class ships and a ship designed for the Galapagos Islands on order for our Celebrity brand with an aggregate capacity of approximately 9,400 berths. Additionally as December 31, 2018, we have three ships on order with an aggregate capacity of approximately 1,200 berths for our Silversea Cruises brand. The following provides further information on recent developments with respect to our ship orders.

During 2017, we entered into credit agreements for the unsecured financing of the two Icon-class ships for up to 80% of each ship's contract price. For each ship, the official Finnish export credit agency, Finnvera, plc, has agreed to guarantee 100% of a substantial majority of the financing to the lenders, with a smaller portion of the financing to be 95% guaranteed by Euler Hermes, the official German export credit agency. The maximum loan amount under each facility is not to exceed €1.4 billion, or approximately \$1.6 billion, based on the exchange rate at December 31, 2018. Interest on approximately 75% of each loan will accrue at a fixed rate of 3.56% and 3.76% for the first and the second Icon-class ships, respectively, and the balance will accrue interest at a floating rate ranging from LIBOR plus 1.10% to 1.15% and LIBOR plus 1.15% to 1.20% for the first and the second Icon-class ships, respectively. Each loan will amortize semi-annually and will mature 12 years following delivery of each ship. The first and second Icon-class ships will each have a capacity of approximately 5,650 berths and are expected to enter service in the second quarters of 2022 and 2024, respectively.

During 2017, we entered into credit agreements for the unsecured financing of the third and fourth Edge-class ships and the fifth Oasis-class ship for up to 80% of each ship's contract price through facilities to be guaranteed 100% by Bpifrance Assurance Export, the official export credit agency of France. Under these financing arrangements, we have the right, but not the obligation, to satisfy the obligations to be incurred upon delivery and acceptance of each ship under the shipbuilding contract by assuming, at delivery and acceptance, the debt indirectly incurred by the shipbuilder during the construction of each ship. The maximum loan amount under each facility is not to exceed €684.2 million in the case of the third Edge-class ship and the United States dollar equivalent of €714.6 million and €1.1 billion in the case of the fourth Edge-class ship and fifth Oasis-class ship, or approximately \$817.1 million and \$1.3 billion, respectively, based on the exchange rate at December 31, 2018. The loans will amortize semi-annually and will mature 12 years following delivery of each ship. Interest on the loans will accrue at a fixed rate of 1.28% for the third Edge-class ship and at a fixed rate of 3.18% for both, the fourth Edge-class ship and the fifth Oasis-class ship. The third and fourth Edge-class ships, each of which will have a capacity of approximately 3,200, are expected to enter service in the fourth quarters of 2021 and 2022, respectively. The fifth Oasis-class ship will have a capacity of approximately 5,500 berths and is expected to enter service in the second quarter of 2021.

During 2016, we entered into credit agreements for the unsecured financing of our first two Edge-class ships for up to 80% of each ship's contract price through facilities to be guaranteed 100% by COFACE, the official export credit agency of France. *Celebrity Edge*, the first Edge-class ship for our Celebrity Cruises brand, entered service in December 2018. For further information on the financing agreement for this ship, refer to Note 9. *Debt*. The second Edge-class ship will have a capacity of approximately 2,900 berths and is expected to enter service in the first quarter of 2020. Under the financing arrangement for the second Edge-class ship, we have the right, but not the obligation, to satisfy the obligations to be incurred upon delivery and acceptance of the vessel under the shipbuilding contract by assuming, at delivery and acceptance, the debt indirectly incurred by the shipbuilder during the construction of each ship. The maximum loan amount under the facility for the second Edge-class ship delivery is not to exceed the United States dollar equivalent of €627.1 million, or approximately \$717.0 million, respectively, based on the exchange rate at December 31, 2018. The loan will amortize semi-annually and will mature 12 years following delivery of the ship. Interest on the loan will accrue at a fixed rate of 3.23%.

During 2015, we entered into credit agreements for the unsecured financing of the fourth and fifth Quantum-class ships for up to 80% of each of the ship's contract price. Hermes has agreed to guarantee to the lenders payment of 95%

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of the financing. The ships will each have a capacity of approximately 4,250 berths and are expected to enter service in the second quarter of 2019 and the fourth quarter of 2020, respectively. These credit agreements make available to us unsecured term loans in an amount up to the United States dollar equivalent of €762.9 million and €777.5 million, or approximately \$872.3 million and \$889.0 million, respectively, based on the exchange rate at December 31, 2018. The loan will amortize semi-annually and will mature 12 years following delivery of each ship. At our election, prior to delivery of each ship, interest on the loans will accrue either (1) at a fixed rate of 3.45% (inclusive of the applicable margin) or (2) at a floating rate equal to LIBOR plus 0.95%.

In September 2018, Silversea Cruises signed a memorandum of understanding with Meyer Werft to build two ships of a new generation of ships. The ships are expected to have an aggregate capacity of approximately 1,200 berths and are expected to enter service in 2022 and 2023, respectively. The memorandum of understanding with Meyer Werft is contingent upon the completion of final documentation and financing, which are expected to be completed in the first quarter of 2019.

In February 2019, we entered into an agreement with Chantiers de l'Atlantique to build the sixth Oasis-class ship for Royal Caribbean International. The ship is expected to have an aggregate capacity of approximately 5,700 berths and is expected to enter service in the fourth quarter of 2023. The order with Chantiers de l'Atlantique is contingent upon completion of conditions precedent and financing, which is expected to be completed in 2019.

As of December 31, 2018, the aggregate cost of our ships on order, not including any ships on order by our Partner Brands and the Silversea Cruises ships that remain contingent upon final documentation and financing, was approximately \$11.4 billion, of which we had deposited \$651.7 million as of such date. Approximately 53.5% of the aggregate cost was exposed to fluctuations in the Euro exchange rate at December 31, 2018. Refer to Note 17. *Fair Value Measurements and Derivative Instruments* for further information.

Litigation

On September 24, 2018, a proposed class-action lawsuit was filed by Roger and Maureen Carretta against Royal Caribbean Cruises Ltd. d/b/a Royal Caribbean International in the United States District Court for the Southern District of Florida relating to the marketing and sales of our Travel Protection Program. The plaintiffs purported to represent an alleged class of passengers who purchased the Travel Protection Program. The complaint alleged that the Company concealed that it received "kickbacks," in the form of undisclosed commissions on the sale of the travel insurance portion of the product from an underwriter, and allegedly improperly bundled Travel Insurance Policies with non-insurance products. The complaint sought damages in an indeterminate amount. On November 26, 2018, the Court dismissed the entire action with prejudice on the grounds that, among others, the claim was filed beyond the time limitations contained in the passenger ticket contract. Plaintiffs did not appeal the decision and the time period for filing an appeal has lapsed.

We are routinely involved in other claims typical within the cruise vacation industry. The majority of these claims are covered by insurance. We believe the outcome of such claims, net of expected insurance recoveries, will not have a material adverse impact on our financial condition or results of operations and cash flows.

Operating Leases

We are obligated under other noncancelable operating leases primarily for offices, warehouses and motor vehicles. As of December 31, 2018, future minimum lease payments under noncancelable operating leases were as follows (in thousands):

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| <u>Year</u> | |
|-------------|-------------------|
| 2019 | \$ 67,682 |
| 2020 | 64,237 |
| 2021 | 56,142 |
| 2022 | 52,759 |
| 2023 | 52,522 |
| Thereafter | 383,974 |
| | <u>\$ 677,316</u> |

Total expense for all operating leases amounted to \$32.2 million, \$29.3 million and \$29.0 million for the years ended December 31, 2018, 2017 and 2016, respectively.

In July 2016, we executed an agreement with Miami Dade County (“MDC”), which was simultaneously assigned to Sumitomo Banking Corporation (“SMBC”), to lease land from MDC and construct a new cruise terminal of approximately 170,000 square feet at PortMiami in Miami, Florida, which was completed during the fourth quarter of 2018 and serves as a homeport. During the construction period, SMBC funded the costs of the terminal’s construction and land lease. Once the terminal was substantially completed, we commenced operating and leasing the terminal from SMBC for a five-year term. We determined that the lease arrangement between SMBC and us should be accounted for as an operating lease and is included in the table above.

Some of the contracts that we enter into include indemnification provisions that obligate us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes, increased lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and are entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. We have not been required to make any payments under such indemnification clauses in the past and, under current circumstances, we do not believe an indemnification in any material amount is probable.

If any person acquires ownership of more than 50% of our common stock or, subject to certain exceptions, during any 24-month period, a majority of our board of directors is no longer comprised of individuals who were members of our board of directors on the first day of such period, we may be obligated to prepay indebtedness outstanding under our credit facilities, which we may be unable to replace on similar terms. Our public debt securities also contain change of control provisions that would be triggered by a third-party acquisition of greater than 50% of our common stock coupled with a ratings downgrade. If this were to occur, it would have an adverse impact on our liquidity and operations.

At December 31, 2018, we have future commitments to pay for our usage of certain port facilities, marine consumables, services and maintenance contracts as follows (in thousands):

| <u>Year</u> | |
|-------------|-------------------|
| 2019 | \$ 224,253 |
| 2020 | 184,308 |
| 2021 | 136,917 |
| 2022 | 79,401 |
| 2023 | 45,266 |
| Thereafter | 149,696 |
| | <u>\$ 819,841</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 19. Quarterly Selected Financial Data (Unaudited)

| | (In thousands, except per share data) | | | | | | | |
|---|---------------------------------------|--------------|----------------|--------------|---------------|--------------|----------------|--------------|
| | First Quarter | | Second Quarter | | Third Quarter | | Fourth Quarter | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Total revenues ⁽¹⁾ | \$ 2,027,756 | \$ 2,008,560 | \$ 2,337,605 | \$ 2,195,274 | \$ 2,796,187 | \$ 2,569,544 | \$ 2,332,301 | \$ 2,004,467 |
| Operating income | \$ 274,146 | \$ 279,522 | \$ 456,895 | \$ 419,697 | \$ 799,733 | \$ 737,488 | \$ 364,027 | \$ 307,349 |
| Net Income attributable to Royal Caribbean Cruises Ltd. | \$ 218,653 | \$ 214,726 | \$ 466,295 | \$ 369,526 | \$ 810,391 | \$ 752,842 | \$ 315,703 | \$ 288,039 |
| Earnings per share | | | | | | | | |
| Basic | \$ 1.03 | \$ 1.00 | \$ 2.20 | \$ 1.72 | \$ 3.88 | \$ 3.51 | \$ 1.51 | \$ 1.35 |
| Diluted | \$ 1.02 | \$ 0.99 | \$ 2.19 | \$ 1.71 | \$ 3.86 | \$ 3.49 | \$ 1.50 | \$ 1.34 |
| Dividends declared per share | \$ 0.60 | \$ 0.480 | \$ 0.60 | \$ 0.480 | \$ 0.70 | \$ 0.60 | \$ 0.70 | \$ 0.60 |

(1) Our revenues are seasonal based on the demand for cruises. Demand is strongest for cruises during the Northern Hemisphere's summer months and holidays.

SILVERSEA CRUISE FINANCE LTD.,
as Issuer,

CITIBANK, N.A., LONDON BRANCH,
as Trustee, Principal Paying Agent, Transfer Agent and Security Agent,

and

CITIGROUP GLOBAL MARKETS DEUTSCHLAND AG,
as Registrar

INDENTURE

Dated as of January 30, 2017

7.250% SENIOR SECURED NOTES DUE 2025

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INDENTURE dated as of January 30, 2017 among Silversea Cruise Finance Ltd., a limited liability company incorporated under the laws of the Commonwealth of The Bahamas (the “Issuer”), Citibank, N.A., London Branch, as trustee (in such capacity, the “Trustee”), as Principal Paying Agent, as Transfer Agent and as Security Agent, and Citigroup Global Markets Deutschland AG, as Registrar.

RECITALS

The Issuer has duly authorized the execution and delivery of this Indenture to provide for the issuance of its 7.250% Senior Secured Notes due 2025 issued on the date hereof (the “Original Notes”) and any additional senior secured notes (the “Additional Notes”) that may be issued after the Issue Date in compliance with this Indenture. The Original Notes and the Additional Notes together are referred to herein as the “Notes”. The Issuer has received good and valuable consideration for the execution and delivery of this Indenture. All necessary acts and things have been done to make (i) the Notes, when duly issued and executed by the Issuer and authenticated and delivered hereunder, the legal, valid and binding obligations of the Issuer and (ii) this Indenture a legal, valid and binding agreement of the Issuer in accordance with the terms of this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE ONE DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions.

“Acquired Debt” means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming, a Restricted Subsidiary; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“After-Acquired Property” means any property of the Issuer or any Guarantor acquired after the Issue Date, with respect to property of the Issuer, or the First Escrow Release Date, with respect to property of a Guarantor (including, but not limited to, any Vessel which replaces a Vessel that was the subject of an Event of Loss) that is of the same type as any of the Issuer’s or such Guarantor’s assets that were intended to be a part of the Collateral as of the Issue Date or the First Escrow Release Date (subject, in each case, to any time periods to put the applicable security arrangements in place as permitted by this Indenture), as applicable; *provided* that any (i) Vessel, (ii) Related Vessel Property or (iii) Capital Stock of a Vessel Holding Company subject to a lien in connection with any Indebtedness permitted to be incurred and to be secured by a lien on such Vessel, Related Vessel Property or Capital Stock shall not constitute After-Acquired Property until such Indebtedness has been repaid in full or otherwise terminated.

“Agreed Security Principles” means the Agreed Security Principles as set forth on Schedule III hereto.

“Applicable Law” means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction.

“Appraised Market Value” means the value of any Vessel as may be determined from time to time based upon a valuation that shall be addressed to the Security Agent and the Trustee and shall be prepared:

- (1) with or without a physical inspection of the Vessel and expressed in U.S. dollars on the basis of a sale for prompt delivery, charter-free, at arm's-length between a willing seller and a willing buyer;
- (2) by any Approved Shipbroker;
- (3) without interrupting the operation or trading of the Vessel; and
- (4) not earlier than six months prior to (i) the date of creation, incurrence or assumption of the related Permitted Collateral Lien pursuant to clause (B), (C) or (F) of the definition thereof or (ii) the date of the incurrence of the relevant Indebtedness (as the case may be)

and the Appraised Market Value shall be the value as stated in such valuation, except that:

- (a) other than for the purposes of entering into a French Tax Lease, if the Vessel is subject to a mortgage under which the amount recoverable is restricted to a registered maximum mortgage amount, the market value of the Vessel shall be restricted to that mortgage amount if the valuation otherwise determined under this definition would be higher; and
- (b) if the Vessel becomes subject to an Event of Loss but the proceeds of the insurances in respect of that Event of Loss have not yet been applied in accordance with this Indenture, the Vessel shall be deemed to have a market value equal to its insured value or, if lower, such amount as the Security Agent determines is reasonably expected to be received from the Vessel's insurers in respect of the Event of Loss.

For the avoidance of doubt, the Appraised Market Value of any Vessel whose most recent valuation occurred earlier than six months prior to (i) the date of creation, incurrence or assumption of the related Permitted Collateral Lien or (ii) the date of the incurrence of the relevant Indebtedness (as the case may be) shall be deemed to be zero.

“Approved Shipbrokers” means Barry Rogliano Salles, Harpain Shipping, Jaegar or such other internationally recognized shipbrokers of similar standing as may from time to time be selected by the Parent Guarantor for the purposes of determining a Vessel's Appraised Market Value.

“Asset Sale” means:

- (1) the sale, lease, conveyance or other disposition of any assets by the Parent Guarantor or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole will be governed by Section 4.11 and/or Article Five and not by Section 4.09; and
- (2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Parent Guarantor or any of its Restricted Subsidiaries of Equity Interests in any of the Restricted Subsidiaries (in each case, other than directors' qualifying shares and shares to be held by third parties to meet the applicable legal requirements).

Notwithstanding the preceding provisions, none of the following items will be deemed to be an Asset Sale:

- (1) any single transaction or series of related transactions that involves assets or Equity Interests having a Fair Market Value of less than \$5.0 million;

- (2) a sale, lease, conveyance or other disposition of assets or Equity Interests between or among the Parent Guarantor and any Restricted Subsidiary;
- (3) an issuance of Equity Interests by a Restricted Subsidiary to the Parent Guarantor or to a Restricted Subsidiary;
- (4) the sale, lease, conveyance or other disposition of inventory, insurance proceeds or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets or assets that are no longer useful in the conduct of the business of the Parent Guarantor and its Restricted Subsidiaries;
- (5) licenses and sublicenses by the Parent Guarantor or any of its Restricted Subsidiaries in the ordinary course of business;
- (6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;
- (7) any transfer, assignment or other disposition deemed to occur in connection with the creation or granting of Liens not prohibited under Section 4.07;
- (8) the sale or other disposition of cash or Cash Equivalents;
- (9) a Restricted Payment that does not violate Section 4.08 or a Permitted Investment;
- (10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
- (12) the sale of any property in a sale and leaseback transaction that complies with Section 4.24 that is entered into within six months of the acquisition of such property or completion of the construction of the applicable Vessel;
- (13) time charters and other similar arrangements in the ordinary course of business;
- (14) any Event of Loss; and
- (15) any French Tax Lease.

“Attributable Debt” means, with respect to any sale and leaseback transaction, including any French Tax Lease, at the time of determination, the present value (discounted at the interest rate reasonably determined in good faith by a responsible financial or accounting officer of the Parent Guarantor to be the interest rate implicit in the lease determined in accordance with IFRS, or, if not known, at the Parent Guarantor’s incremental borrowing rate) of the total obligations of the lessee of the property subject to such lease for rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, or until the earliest date on which the lessee may terminate such lease without penalty or upon payment of penalty (in which case the rental payments shall include such penalty), after excluding from such rental payments all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges; *provided, however*, that if such sale and leaseback transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of “Capital Lease Obligation.”

“Authority” means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction.

“Bankruptcy Law” means Title 11 of the United States Code, as amended, or any similar U.S. federal or state law or the laws of any other jurisdiction (or any political subdivision thereof) relating to bankruptcy, insolvency, voluntary or judicial liquidation, composition with creditors, reprieve from payment, controlled management, fraudulent conveyance, general settlement with creditors, reorganization or similar or equivalent laws affecting the rights of creditors generally.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“Board of Directors” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

“Book-Entry Interest” means a beneficial interest in a Global Note held through and shown on, and transferred only through, records maintained in book-entry form by DTC and its nominees and successors.

“Business Day” means a day other than a Saturday, Sunday or other day on which banking institutions in New York or a place of payment under this Indenture are authorized or required by law, regulation or executive order to close.

“Calculation Date” has the meaning assigned to such term in the definition of “Fixed Charge Coverage Ratio.”

“Capital Lease Obligation” means, with respect to any Person, any obligation of such Person under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed), which obligation is required to be classified and accounted for as a capital lease obligation under IFRS, and, for purposes of this Indenture, the amount of such obligation at any date will be the capitalized amount thereof at such date, determined in accordance with IFRS and the Stated Maturity thereof will be the date of last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“Cash Equivalents” means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the European Union, the United States of America, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, Switzerland or Canada, as the case may be, and which are not callable or redeemable at the Parent Guarantor’s option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker’s acceptances and money market deposits (and similar instruments) with maturities of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States of America or any state thereof, Switzerland, the United Kingdom, Australia or Canada; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of \$250.0 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated “A-1” or higher by Moody’s or “A+” or higher by S&P or the equivalent rating category of another internationally recognized rating agency; *provided, further*, that any cash held pursuant to clause (6) below not covered by the foregoing may be held through overnight bank deposits, time deposit accounts, certificates of deposit, banker’s acceptances and money market deposits (and similar instruments) with maturities of 12 months or less from the date of acquisition issued by a bank or trust company organized and operating in the applicable jurisdiction;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody’s or S&P and, in each case, maturing within one year after the date of acquisition;

(5) money market funds or other mutual funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) above; and

(6) cash in any currency in which the Parent Guarantor and its subsidiaries now or in the future operate, in such amounts as the Parent Guarantor determines to be necessary in the ordinary course of their business.

“Change of Control” means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)) other than the Principal or a Related Party of the Principal;

(2) the adoption of a plan relating to the liquidation or dissolution of the Parent Guarantor;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any “person” as defined above), other than the Principal or a Related Party of the Principal, becomes the Beneficial Owner, directly or indirectly, of 50% or more of the issued and outstanding Voting Stock of the Parent Guarantor measured by voting power rather than number of shares; or

(4) the Parent Guarantor ceases to Beneficially Own, directly or indirectly, 100% of the Voting Stock of the Issuer, other than director’s qualifying shares and other shares required to be issued by law.

“Clearstream” means Clearstream Banking, *société anonyme*.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral” means the following:

(i) shares of capital stock of the Issuer, Silversea Cruises Ltd., Silversea Cruises (UK) Limited, Silversea Cruises (Europe) Limited, Silver Cloud Shipping Co. Ltd., Silver Wind Shipping Ltd., Silver Shadow Shipping Co. Ltd., Silver Spirit Shipping Co., Ltd., Silversea New Build Six Ltd., SG Expeditions Cyprus Ltd., SG Expeditions SAGL, SG Cruises GmbH and Canodros C.L.;

(ii) mortgages over the following Vessels owned by the Guarantors: *Silver Cloud, Silver Wind, Silver Shadow, Silver Spirit, Silver Galapagos* and *Silver Muse* and, in each case, an assignment of insurance claims and earnings in respect of such Vessels, and with respect to certain of the foregoing Vessels, the related intra-group charter agreement and other relevant contacts;

(iii) assets to be pledged by the Issuer, the Parent Guarantor, Silversea Cruises Limited, Silversea Cruises (Europe) Limited, Silversea Cruises (UK) Limited, Silver Cloud Shipping Co. Ltd., Silver Wind Shipping Ltd., Silver Shadow Shipping Co. Ltd., Silver Spirit Shipping Co., Ltd. and Silversea New Build Six Ltd. in each case pursuant to an all assets debenture;

(iv) a charge over certain bank accounts of the Issuer, Silversea Cruises Ltd., SG Expeditions SAGL and SG Cruises GmbH;

(v) trade receivables and intercompany receivables pledged pursuant to the Security Documents owing to any Guarantor or the Issuer by any of the Issuer or any Guarantor; and

(vi) any additional assets that are pledged for the benefit of the holders of the Notes, the lenders under the Revolving Credit Facility and certain hedge counterparties.

“Collateral Vessel” means each of the *Silver Cloud*, the *Silver Wind*, the *Silver Shadow*, the *Silver Spirit*, the *Silver Galapagos* and the *Silver Muse*.

“Commission” means the U.S. Securities and Exchange Commission.

“Consolidated EBITDA” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus* the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

- (1) provision for taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*
- (2) the Consolidated Interest Expense of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(3) depreciation, amortization (including amortization of intangibles and deferred financing fees but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(4) any expenses, charges or other costs related to any Equity Offering or issuance of Subordinated Shareholder Funding permitted by this Indenture or relating to the offering of the Notes, in each case, as determined in good faith by the Parent Guarantor; *plus*

(5) the amount of any management, monitoring, consulting and advisory fees and related expenses paid in such period to consultants and advisors; *plus*

(6) any costs or expense incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such costs or expense are funded with cash proceeds contributed to the capital of the Parent Guarantor or net cash proceeds of an issuance of Equity Interest of the Parent Guarantor (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation set forth in Section 4.08(a)(iii)(B); *plus*

(7) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *minus*

(8) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (14) of the definition of "Consolidated Net Income"), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business;

in each case, on a consolidated basis and determined in accordance with IFRS.

"Consolidated Interest Expense" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs);

(2) non-cash interest payments;

(3) the interest component of deferred payment obligations;

(4) the interest component of all payments associated with Capital Lease Obligations;

(5) commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates;

(6) the consolidated interest expense of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period;

(7) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or is secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; and

(8) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Parent Guarantor or a Restricted Subsidiary, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Parent Guarantor.

Notwithstanding any of the foregoing, Consolidated Interest Expense shall not include any payments on any operating leases.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (loss) attributable to such Person and its Subsidiaries which are Restricted Subsidiaries for such period, out of such Person’s consolidated net income (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) any goodwill or other intangible asset impairment, charge, amortization or write-off, including debt issuance costs, will be excluded;

(2) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(3) solely for the purpose of determining the amount available for Restricted Payments under Section 4.08(a)(iii)(A), any net income (loss) of any Restricted Subsidiary (other than the Issuer or any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Parent Guarantor (or the Issuer or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released and (b) restrictions pursuant to the Notes, this Indenture or the Revolving Credit Facility); except that the Parent Guarantor’s equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Parent Guarantor or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(4) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Parent Guarantor or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Parent Guarantor) or in connection with the sale or disposition of securities will be excluded;

(5) any extraordinary, non-recurring, unusual or exceptional gain, loss or charge or any profit or loss on the disposal of property, investments and businesses, asset impairments, or any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance or any expenses, charges, reserves or other costs related to acquisitions will be excluded;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity-based awards will be excluded;

(7) all deferred financing costs written off and premium paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness will be excluded;

(8) any one-time non-cash charges or any increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Parent Guarantor or its Subsidiaries will be excluded;

(9) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded; *provided* that any such gains or losses shall be included during the period in which they are realized;

(10) (x) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and (y) any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies will be excluded;

(11) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Parent Guarantor or any Restricted Subsidiary owing to the Parent Guarantor or any Restricted Subsidiary will be excluded;

(12) to the extent covered by insurance and actually reimbursed, or so long as the Parent Guarantor has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable insurer in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses with respect to liability or casualty events or business interruption;

(13) the cumulative effect of a change in accounting principles will be excluded; and

(14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding will be excluded.

“Consolidated Total Indebtedness” means, as of any date of determination, an amount equal to the sum (without duplication) of (1) the aggregate amount of all outstanding Indebtedness of the Parent Guarantor and its Restricted Subsidiaries (excluding any undrawn letters of credit) consisting of Capital Lease Obligations, bankers’ acceptances, Indebtedness for borrowed money and Indebtedness in respect of the deferred purchase price of property or services, *plus* (2) the aggregate amount of all outstanding Disqualified Stock of the Parent Guarantor and its Restricted Subsidiaries and all preferred stock of Restricted Subsidiaries of the Parent Guarantor, with the amount of such Disqualified Stock and preferred stock equal to the greater of their respective voluntary or involuntary liquidation preferences.

“continuing” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“Credit Facilities” means one or more debt facilities, instruments or arrangements incurred by the Parent Guarantor or any Restricted Subsidiary (including but not limited to the Revolving Credit Facility) with banks, other institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, notes or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another

administrative agent or agents or trustees or other banks or institutions and whether provided under the Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Parent Guarantor as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"Custodian" means any receiver, trustee, assignee, liquidator, custodian, administrator or similar official under any Bankruptcy Law.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Definitive Registered Note" means, with respect to the Notes, a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A attached hereto except that such Note shall not bear the legends applicable to Global Notes and shall not have the "Schedule of Principal Amount in the Global Note" attached thereto.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a "change of control" or an "asset sale" will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.08. For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"DTC" means The Depository Trust Company, its nominees and successors.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equity Offering" means a public or private sale either (a) of the Equity Interests (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions) of the Parent Guarantor or (b) of the Equity Interests of a direct or indirect parent entity of the Parent Guarantor to the extent that the net proceeds therefrom are contributed as Subordinated Shareholder Funding or to the equity capital of the Parent Guarantor or any of its Restricted Subsidiaries.

"Escrow Agent" means Citibank, N.A., London Branch, as escrow agent under the Escrow Agreement.

"Escrow Agreement" means the escrow agreement, dated the Issue Date, among the Issuer, the Trustee, the Escrow Agent and Citibank, N.A., London Branch, as security trustee.

"Escrow Long Stop Date" means May 15, 2017.

“Euroclear” means Euroclear SA/NV.

“Event of Loss” means the actual or constructive total loss, arranged or compromised total loss, destruction, condemnation, confiscation, requisition, seizure or forfeiture of, or other taking of title or use of, a Vessel.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

“Existing Indebtedness” means all Indebtedness of the Parent Guarantor and its Restricted Subsidiaries in existence on the Issue Date; *provided* that the Indebtedness to be repaid on or following the First Escrow Release Date with the proceeds of the Notes issued on the Issue Date as described under “*Use of proceeds*” in the Offering Memorandum shall cease to constitute Existing Indebtedness upon such repayment.

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Parent Guarantor’s Chief Executive Officer or responsible accounting or financial officer of the Parent Guarantor.

“FATCA Withholding” means any withholding or deduction required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

“First Escrow Release Date” has the meaning assigned to such term in the Escrow Agreement.

“Fixed Charge Coverage Ratio” means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “Calculation Date”), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to Section 4.06(b) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to Section 4.06(b).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Parent Guarantor and may include anticipated expense and cost reduction synergies that would be permitted to be included in a *pro forma* prepared in accordance with Regulation S-X under the Securities Act) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries which are Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

“Fixed Charges” means, with respect to any specified Person for any period, the sum, without duplication,

of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period related to Indebtedness, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs), non-cash interest payments, the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; *plus*

(2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Funding) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or is secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Parent Guarantor or a Restricted Subsidiary, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Parent Guarantor.

Notwithstanding any of the foregoing, Fixed Charges shall not include any payments on any operating leases. For the avoidance of doubt, with respect to any particular French Tax Lease transaction, only the greater of (i) the consolidated interest expense of the Parent Guarantor and its Restricted Subsidiaries attributable to a French Tax Lease and (ii) the interest on Indebtedness of another Person that is guaranteed by any of the Parent Guarantor or its Restricted Subsidiaries, in each case, in relation to such French Tax Lease transaction, will be included in Fixed Charges for any period.

“French Tax Lease” means a transaction whereby:

(i) ownership of a Vessel (other than the *Silver Cloud*, the *Silver Wind*, the *Silver Shadow*, the *Silver Spirit*, the *Silver Galapagos* and the *Silver Muse*, for so long as each such Vessel is pledged as

Collateral) is transferred to a Tax Lease Counterparty (which may be by way of the transfer of ownership of the Person owning such vessel (including as a sale or other disposition or as a merger or consolidation));

- (ii) such Vessel is leased by such Tax Lease Counterparty back to the Parent Guarantor or a Restricted Subsidiary;
- (iii) the Parent Guarantor or a Restricted Subsidiary is granted (x) a purchase option in respect of such Vessel and/or (y) a share purchase option in respect of the entire share capital of the Tax Lease Counterparty;
- (iv) the consideration (including the assumption of Indebtedness) for the transfer of the ownership of the Vessel subject to such French Tax Lease must be greater than or equal to the Fair Market Value of such Vessel; and
- (v) the consideration for the acquisition of the Vessel is structured such that (x) the Tax Lease Counterparty assumes all of the outstanding Indebtedness (including any refinancing thereof) of the Parent Guarantor and its Restricted Subsidiaries that was used to acquire or pay the consideration for the construction of such Vessel (other than any Indebtedness incurred to finance any equity portion of the purchase price or construction price of the Vessel) without further recourse to the Parent Guarantor or any Restricted Subsidiary (other than (i) to the Vessel Holding Company selling the Vessel in such sale and leaseback transaction as a co-obligor under such Indebtedness and (ii) pursuant to a Guarantee permitted under Section 4.06(b)(19)) or (y) the Tax Lease Counterparty pays consideration in cash to the Parent Guarantor or the relevant Restricted Subsidiary and such cash proceeds are used to repurchase, prepay, redeem or repay all of the outstanding Indebtedness (including any refinancing of such Indebtedness) of the Parent Guarantor and any of its Restricted Subsidiaries that was used to acquire or pay for the consideration for the construction of such Vessel (other than any Indebtedness incurred to finance any equity portion of the purchase price or construction price of the Vessel) or (z) a combination of (x) and (y)

“Government Securities” means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

“Guarantee” means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets, sureties or otherwise).

“Guarantors” means the Parent Guarantor and any Restricted Subsidiary that guarantees the Notes in accordance with the provisions of this Indenture, and their respective successors and assigns, until the Note Guarantee of such Person has been released in accordance with this Indenture.

“Hedging Obligations” means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

“Holder” means the Person in whose name a Note is registered on the Registrar’s books.

“IFRS” means International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as in effect on the Issue Date.

“Immaterial Subsidiary” means any Subsidiary of the Parent Guarantor (a) the assets of which Subsidiary, taken together with all other Immaterial Subsidiaries as of such date, constitute less than or equal to 5% of the total assets of the Parent Guarantor and its Subsidiaries on a consolidated basis, (b) the revenues of which Subsidiary, taken together with all other Immaterial Subsidiaries as of such date, account for less than or equal to 5% of the total revenues of the Parent Guarantor and its Subsidiaries on a consolidated basis and (c) the Consolidated EBITDA of which Subsidiary, taken together with all other Immaterial Subsidiaries as of such date, accounts for less than 5% of the Consolidated EBITDA of the Parent Guarantor.

“Indebtedness” means, with respect to any specified Person (excluding accrued expenses and trade payables), without duplication:

- (1) the principal amount of indebtedness of such Person in respect of borrowed money;
- (2) the principal amount of obligations of such Person evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;
- (3) reimbursement obligations of such Person in respect of letters of credit, bankers’ acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;
- (4) Capital Lease Obligations of such Person;
- (5) the principal component of all obligations of such Person to pay the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed;
- (6) net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time); and
- (7) Attributable Debt of such Person;

if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS. In addition, the term “Indebtedness” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The term “Indebtedness” shall not include:

- (1) anything accounted for as an operating lease in accordance with IFRS as at the Issue Date;
- (2) contingent obligations in the ordinary course of business;
- (3) in connection with the purchase by the Parent Guarantor or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing;
- (4) deferred or prepaid revenues;
- (5) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the applicable seller;

(6) any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes; or

(7) Subordinated Shareholder Funding.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Intercreditor Agent" means Citibank, N.A., London Branch acting as intercreditor agent pursuant to the Intercreditor Agreement.

"Intercreditor Agreement" means the Intercreditor Agreement, to be dated on or before the First Escrow Release Date, by and among, *inter alios*, the Security Agent, the agent for the Revolving Credit Facility, certain hedging counterparties and the other parties named therein, as amended, restated or otherwise modified or varied from time to time.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Notes.

"Investment" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet prepared in accordance with IFRS. If the Parent Guarantor or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Parent Guarantor will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Parent Guarantor's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.08. The acquisition by the Parent Guarantor or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Parent Guarantor or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of Section 4.08. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"Issue Date" means January 30, 2017.

"Issuer Order" means a written order signed in the name of the Issuer by any Person authorized by a resolution of the Board of Directors of the Issuer.

"Lien" means with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"Loan-to-Value Ratio" means, as of the date of creation, incurrence or assumption of the related Permitted Collateral Lien pursuant to clause (B) or (C) of the definition thereof, or on the earlier of (i) the date of reinvestment of any Net Proceeds or (ii) the date on which the Parent Guarantor or the applicable Restricted Subsidiary enters into a binding commitment to reinvest such Net Proceeds from any Asset Sale or Event of Loss relating to any Collateral pursuant to clause (2), (3) or (4) of Section 4.09(b), the ratio of (1) the Consolidated Total Indebtedness on a *pro forma* basis that is secured by Liens on the Collateral (assuming, for purposes of this clause (1), that any Indebtedness available to be borrowed under any revolving credit facility, including the Revolving Credit Facility, incurred

pursuant to clause (2) of Section 4.06(b) is fully drawn) to (2) the aggregate of the Appraised Market Value as of such date of the Vessels (after giving *pro forma* effect to any improvements being financed by the Indebtedness the incurrence of which requires, or the application of Net Proceeds which requires, the calculation of such ratio to the extent reflected in such Appraised Market Value) that are a part of the Collateral (and secured by first priority liens (subject to Permitted Liens) for the benefit of the Holders) as of such date owned by the Parent Guarantor and each of its Restricted Subsidiaries plus the Fair Market Value (as determined by a recent appraisal of a qualified independent third party) of any other Collateral constituting marine spare parts and equipment held in inventory (as reflected on the consolidated balance sheet of the Issuer) or onboard Vessels that are part of the Collateral (and secured by first priority liens (subject to Permitted Liens) for the benefit of the Holders).

“Management Advances” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers or employees of any Parent Guarantor or any Restricted Subsidiary:

- (1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;
- (2) in respect of moving related expenses incurred in connection with any closing or consolidation of any office; or
- (3) in the ordinary course of business and (in the case of this clause (3)) not exceeding \$1.0 million in the aggregate outstanding at any time.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Proceeds” means (i) with respect to any Asset Sale or Event of Loss, the aggregate cash proceeds and Cash Equivalents received by the Parent Guarantor or any of its Restricted Subsidiaries in respect of such Asset Sale or Event of Loss (including, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale); *provided* that with respect to any Asset Sale, such amount shall be net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS and (ii) with respect to any French Tax Lease, the cash proceeds, if any, received by the Parent Guarantor or relevant Restricted Subsidiary in excess of the amount of cash proceeds used to repurchase, prepay, redeem or repay the outstanding Indebtedness (including any refinancing thereof) of the Parent Guarantor or any of its Restricted Subsidiaries that was incurred to acquire or pay the consideration for the construction of the Vessel subject to such French Tax Lease.

“New Build Agreement” means that certain Shipbuilding Contract, entered into on January 10, 2014, by and between Fincantieri S.p.A., as builder, and the Parent Guarantor, as buyer, relating to the construction of the *Silver Muse*.

“New Build Facility” means that certain Loan Agreement, dated as of June 15, 2015, by and among, *inter alios*, Silversea New Build Six Ltd., as borrower, the banks and financial institutions listed in Schedule 1 thereto, as lenders, Norddeutsche Landesbank Girozentrale, as facility agent, and SACE S.p.A., as amended, restated or otherwise modified or varied from time to time.

“New Vessel Aggregate Secured Debt Cap” means the sum of each of the New Vessel Secured Debt Caps (with such New Vessel Aggregate Secured Debt Cap to be expressed as the sum of the euro and U.S. dollar denominations of the New Vessel Secured Debt Caps reflected in the New Vessel Aggregate Secured Debt Cap).

“New Vessel Financing” means any financing arrangement, including a sale and leaseback transaction (including a French Tax Lease), entered into by the Parent Guarantor or a Restricted Subsidiary for the purpose of financing or refinancing all or any part of the purchase price, cost of design or construction of a Vessel or Vessels or the acquisition of Capital Stock of entities owning or to own Vessels.

“New Vessel Secured Debt Cap” means, in respect of a New Vessel Financing, no more than 80% of the contract price for the acquisition and any other Ready for Sea Cost of the related Vessel (and 100% of any related export credit insurance premium), expressed in euros or U.S. dollars, as the case may be, being financed by such New Vessel Financing.

“Non-Recourse Debt” means Indebtedness as to which neither the Parent Guarantor nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise.

“Note Guarantee” means the Guarantee by each Guarantor of the Issuer’s obligations under this Indenture and the Notes, executed pursuant to this Indenture.

“Obligations” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“Offering Memorandum” means the final offering memorandum in respect of the Notes, dated January 13, 2017.

“Officer” means, with respect to any Person, the Chief Executive Officer or any Vice President of such Person.

“Officer’s Certificate” means a certificate signed on behalf of the Parent Guarantor by an Officer.

“Opinion of Counsel” means a written opinion from legal counsel. The counsel may be an employee of or counsel to the Issuer.

“Parent Entity” means any Person of which the Parent Guarantor is a Subsidiary (including any Person of which the Parent Guarantor becomes a Subsidiary after the Issue Date in compliance with this Indenture) and any holding company established by the Principal or any Related Party of the Principal for purposes of holding its investment in any Parent Entity.

“Parent Guarantor” means Silversea Cruise Holding Ltd., a limited liability company incorporated under the laws of the Commonwealth of The Bahamas.

“Permitted Business” means (a) in respect of the Parent Guarantor and its Restricted Subsidiaries, any businesses, services or activities engaged in by the Parent Guarantor or any of the Restricted Subsidiaries on the Issue Date and (b) any businesses, services and activities engaged in by the Parent Guarantor or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“Permitted Collateral Liens” means (A) Liens on the Collateral described in one or more of clauses (2), (3), (4), (5), (6), (7), (8), (10), (11), (12), (13), (14), (15), (17), (18), (19), (20), (22), (24), (26) and (29) (to the extent related to the foregoing or clause (F) below) of the definition of “Permitted Liens”; (B) Liens on the Collateral to secure Indebtedness of the Parent Guarantor or a Restricted Subsidiary that is permitted to be incurred under clauses (2), (3), (9), (10) (in the case of clause (10), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition), (12)(ii) or (18) of Section 4.06(b); *provided, however*, that, in the case of Indebtedness of the Parent Guarantor or a Restricted Subsidiary that is permitted to be incurred under clause (12)(ii) or (18) of Section 4.06(b), after giving *pro forma* effect to such transaction and the use of proceeds thereof, the Loan-to-Value Ratio does not exceed 60%; (C) Liens on the Collateral securing Indebtedness incurred under Section 4.06(a); *provided* that, in the case of this clause (C), after giving *pro forma* effect to such incurrence and the use of proceeds therefrom, the Loan-to-Value Ratio does not exceed 60%; (D) Liens on Collateral securing Permitted Refinancing Indebtedness in respect of any Indebtedness secured pursuant to the foregoing clauses (A), (B) and (C); (E) Liens on the Collateral securing Indebtedness incurred pursuant to clause (4) of Section 4.06(b); *provided* that (i) such Lien is incurred in relation to financing the improvement of a Vessel such that it is not reasonably practicable to provide a Lien over such improvement apart from such Vessel as a whole as determined in good

faith by the Parent Guarantor and (ii) the Parent Guarantor shall deliver to the Trustee and the Security Agent a new appraisal for the Vessel subject to such improvements prepared by an Approved Shipbroker as soon as reasonably practicable following the completion of such improvements; *provided, however*, that such Liens securing Indebtedness pursuant to the foregoing clauses (B), (C), (D) and this clause (E) rank equal (with respect to the application of proceeds from any realization or enforcement of the Collateral in accordance with the Intercreditor Agreement) or junior to the Liens on the Collateral securing the Notes or the Note Guarantees (except that a Lien in favor of Indebtedness incurred under clauses (2) or (9) of Section 4.06(b) may have super priority in respect of the application of proceeds from any realization or enforcement of the Collateral on terms not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the First Escrow Release Date as provided in the Inter-creditor Agreement as in effect on the First Escrow Release Date), and (F) Liens or Collateral described in clause (23) of the definition of "Permitted Liens"; *provided* that after giving pro forma effect to such transaction and the use of proceeds thereof, the Loan-to-Value Ratio does not exceed 60%.

"Permitted Investments" means:

- (1) any Investment in a Restricted Subsidiary;
- (2) any Investment in cash in U.S. dollars, euros, Swiss francs, U.K. pounds sterling or Australian dollars, and Cash Equivalents;
- (3) any Investment by the Parent Guarantor or any Restricted Subsidiary in a Person, if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary; or
 - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Parent Guarantor or a Restricted Subsidiary;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.09 or any other disposition of assets not constituting an Asset Sale;
- (5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Parent Guarantor;
- (6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Parent Guarantor or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;
- (7) Investments in receivables owing to the Parent Guarantor or any Restricted Subsidiary created or acquired in the ordinary course of business;
- (8) Investments represented by Hedging Obligations, which obligations are permitted to be incurred under Section 4.06(b)(9);
- (9) repurchases of the Notes;
- (10) any Guarantee of Indebtedness permitted to be incurred under Section 4.06 other than a guarantee of Indebtedness of an Affiliate of the Parent Guarantor that is not a Restricted Subsidiary;
- (11) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment

existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under this Indenture;

(12) Investments acquired after the Issue Date as a result of the acquisition by the Parent Guarantor or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Parent Guarantor or any of its Restricted Subsidiaries in a transaction that is not prohibited by Article Five after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(13) Management Advances;

(14) Investments consisting of the licensing and contribution of intellectual property rights pursuant to joint marketing arrangements with other Persons in the ordinary course of business;

(15) Investments consisting of, or to finance the acquisition, purchase, charter or leasing or the construction, installation or the making of any improvement with respect to any asset (including Vessels) or purchases and acquisitions of inventory, supplies, materials, services or equipment or purchases of contract rights, licenses or leases of intellectual property rights (including prepaid expenses and advances to suppliers), in each case, in the ordinary course of business (including, for the avoidance of doubt any deposits made to secure the acquisition, purchase or construction of, or any options to acquire, any vessel);

(16) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding not to exceed \$10.0 million; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to Section 4.17, such Investment, if applicable, shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause;

(17) Investments in joint ventures having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other investments made pursuant to this clause (17) that are at the time outstanding, not to exceed \$5.0 million; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to Section 4.17, such Investment, if applicable, shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause;

(18) Investments consisting of subordinated loans provided by the Parent Guarantor or a Restricted Subsidiary to a Tax Lease Counterparty representing not more than an amount equal to (i) the greater of (x) the Fair Market Value of the related Vessel or (y) the contract price for the acquisition or construction of the related Vessel *plus* (ii) the amount of all fees and expenses, including any related export credit insurance premium, incurred in connection with such French Tax Lease *less* (iii) the amount of Indebtedness incurred or assumed by the Tax Lease Counterparty in connection with its acquisition of such Vessel pursuant to the associated French Tax Lease.

"Permitted Jurisdictions" means (i) any state of the United States of America, the District of Columbia or any territory of the United States of America, (ii) Bermuda, (iii) the Commonwealth of The Bahamas, (iv) the Isle of Man, (v) the Marshall Islands, (vi) Malta, (vii) the United Kingdom and (viii) any member state of the European Economic Area.

“Permitted Liens” means:

- (1) Liens in favor of the Parent Guarantor or any of the Restricted Subsidiaries;
- (2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Parent Guarantor or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person (or the Capital Stock of such Person) that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Parent Guarantor or any Restricted Subsidiary;
- (3) Liens to secure the performance of statutory obligations, insurance, surety, bid, performance, travel or appeal bonds, workers compensation obligations, performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit or similar instruments issued to assure payment of such obligations or for the protection of customer deposits or credit card payments);
- (4) Liens on any property or assets of the Parent Guarantor or any Restricted Subsidiary for the purpose of securing Capital Lease Obligations, purchase money obligations, mortgage financings or other Indebtedness, in each case, incurred pursuant to Section 4.06(b)(4) in connection with the financing of all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation, repair, replacement or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Parent Guarantor or any of its Restricted Subsidiaries; *provided* that any such Lien may not extend to any assets or property owned by the Parent Guarantor or any of its Restricted Subsidiaries at the time the Lien is incurred other than (i) the assets (including Vessels) and property acquired, improved, constructed, leased or financed (*provided* that to the extent any such Capital Lease Obligations, purchase money obligations, mortgage financings or other Indebtedness relate to multiple assets or properties, then all such assets and properties may secure any such Capital Lease Obligations, purchase money obligations, mortgage financings or other Indebtedness) and (ii) to the extent such Lien secures financing in connection with the purchase of a Vessel, Related Vessel Property;
- (5) Liens existing on the Issue Date; *provided* that any Liens securing Existing Indebtedness to be repaid on or following the First Escrow Release Date with the proceeds of the Notes issued on the Issue Date as described under “*Use of proceeds*” in the Offering Memorandum shall cease to be Permitted Liens pursuant to this clause (5) upon such repayment;
- (6) Liens for taxes, assessments or governmental charges or claims that (x) are not yet due and payable or (y) are being contested in good faith by appropriate proceedings that have the effect of preventing the forfeiture or sale of the property subject to any such Lien and for which adequate reserves are being maintained to the extent required by IFRS;
- (7) Liens imposed by law, such as carriers’, warehousemen’s, landlord’s and mechanics’, materialmen’s, repairmen’s, construction or other like Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings and in respect of which, if applicable, the Parent Guarantor or any Restricted Subsidiary shall have set aside on its books reserves in accordance with IFRS; and with respect to Vessels: (i) Liens fully covered (in excess of customary deductibles) by valid policies of insurance and (ii) Liens for general average and salvage, including contract salvage; or Liens arising solely by virtue of any statutory or common law provisions relating to attorney’s liens or bankers’ liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution;
- (8) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do

not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

- (9) Liens created for the benefit of (and to secure) the Notes (or the Note Guarantees) issued on the Issue Date (or the First Escrow Release Date);
- (10) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted to be incurred under Section 4.06(b)(9);
- (11) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;
- (12) Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;
- (13) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (14) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (15) Leases, licenses, subleases and sublicenses of assets in the ordinary course of business and Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;
- (16) [Reserved];
- (17) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Parent Guarantor or any Restricted Subsidiary has easement rights or on any real property leased by the Parent Guarantor or any Restricted Subsidiary and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;
- (18) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;
- (19) Liens on Unearned Customer Deposits (i) in favor of credit card companies pursuant to agreements therewith consistent with industry practice and (ii) in favor of customers;
- (20) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Parent Guarantor or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;
- (21) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Parent Guarantor or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net proceeds of such disposal;

(22) Liens incurred in the ordinary course of business of the Parent Guarantor or any Restricted Subsidiary arising from vessel chartering, maintenance, the furnishing of supplies and bunkers to vessels;

(23) Liens securing an aggregate principal amount of Indebtedness not to exceed the aggregate amount of Indebtedness permitted to be incurred pursuant to Section 4.06(b)(5); *provided* that such Lien extends only to (i) the assets (including Vessels), purchase price or cost of design, construction, installation or improvement of which is financed or refinanced thereby and any proceeds of products thereof, (ii) any Related Vessel Property or (iii) the Capital Stock of a Vessel Holding Company;

(24) Liens created on any asset of the Parent Guarantor or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Parent Guarantor or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(25) Liens incurred by the Parent Guarantor or any Restricted Subsidiary with respect to obligations that do not exceed the greater of \$10.0 million and 0.75% of Total Tangible Assets at any one time outstanding;

(26) Liens arising from financing statement filings (or similar filings in any applicable jurisdiction) regarding operating leases entered into by the Parent Guarantor and its Restricted Subsidiaries in the ordinary course of business;

(27) any interest or title of a lessor under any Capital Lease Obligation or an operating lease;

(28) Liens on the Equity Interests of Unrestricted Subsidiaries; and

(29) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (28) (but excluding clauses (4), (16) and (25)); *provided* that (x) any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced and (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of the outstanding principal amount or, if greater, committed amount of such Indebtedness at the time the original Lien became a Permitted Lien under this Indenture and an amount necessary to pay any fees and expenses, including premiums, related to such extension, renewal, refinancing or replacement.

“Permitted Refinancing Indebtedness” means any Indebtedness incurred by the Parent Guarantor or any of its Restricted Subsidiaries, any Disqualified Stock issued by the Parent Guarantor or any of its Restricted Subsidiaries and any preferred stock issued by any Restricted Subsidiary, in each case, in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Parent Guarantor or any of its Restricted Subsidiaries (other than intercompany Indebtedness), including Permitted Refinancing Indebtedness; *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price, or, if greater, committed amount (only to the extent the committed amount could have been incurred on the date of initial incurrence)) of such new Indebtedness, the liquidation preference of such new Disqualified Stock or the amount of such new preferred stock does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price or, if greater, committed amount (only to the extent the committed amount could have been incurred on the date of initial incurrence)) of the Indebtedness, the liquidation preference of the Disqualified Stock or the amount of the preferred stock (plus in each case the amount of accrued and unpaid interest or dividends on and the amount of all fees and expenses, including premiums, incurred in connection with the incurrence or issuance of, such Indebtedness, Disqualified Stock or preferred stock), renewed, refunded, refinanced, replaced, exchanged, defeased or discharged;

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if such Indebtedness is incurred either by the Parent Guarantor (if the Parent Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged) or by the Restricted Subsidiary that was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is guaranteed only by Persons who were obligors on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“Principal” means Manfredi Lefebvre.

“Productive Asset Lease” means any lease or charter of one or more Vessels (other than leases or charters required to be classified and accounted for as capital leases under IFRS).

“QIB” means a “Qualified Institutional Buyer” as defined in Rule 144A.

“Ready for Sea Cost” means with respect to a Vessel to be acquired, constructed or leased (pursuant to a Capital Lease Obligation) by the Parent Guarantor or any Restricted Subsidiary, the aggregate amount of all expenditures incurred to acquire or construct and bring such Vessel to the condition and location necessary for its intended use, including any and all inspections, appraisals, repairs, modifications, additions, permits and licenses in connection with such acquisition or lease, which would be classified as “property, plant and equipment” in accordance with IFRS and any assets relating to such Vessel.

“Record Date,” for the interest payable on any Interest Payment Date, means the January 15 and July 15 (in each case, whether or not a Business Day) next preceding such Interest Payment Date.

“Redemption Date” means, when used with respect to any Note to be redeemed, in whole or in part, the date fixed for such redemption by or pursuant to this Indenture.

“Redemption Price” means, when used with respect to any Note to be redeemed, the price at which it is to be redeemed pursuant to this Indenture.

“Regulation S” means Regulation S under the Securities Act (including any successor regulation thereto), as it may be amended from time to time.

“Related Party” means:

- (1) any immediate family member of the Principal; or
- (2) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding a majority (and controlling)

interest of which consists of, or any charitable foundations founded by, the Principal and/or such other Persons referred to in the immediately preceding clause (1).

“Related Vessel Property” means (i) any cash deposited in a bank account owned by the Parent Guarantor or a Restricted Subsidiary representing prepayments of principal and interest of the relevant financing for up to one year, (ii) any insurance policies or proceeds relating to such Vessel (whether incurred by way of pledge or assignment of such policies or proceeds thereof or otherwise), (iii) any warranty claims of the Parent Guarantor or a Restricted Subsidiary (whether incurred by way of pledge or assignment of such claims or otherwise) against a contractor or developer of any such Vessel and (iv) all monies payable to the Parent Guarantor or any of its Restricted Subsidiaries as a consequence of the operation, charter, lease or rental of such Vessel (or any agreements related thereto).

“Replacement Assets” means (1) assets not classified as current assets under IFRS that will be used or useful in a Permitted Business or (2) substantially all the assets of a Permitted Business or a majority of the Voting Stock of any Person engaged in a Permitted Business that will become on the date of acquisition thereof a Restricted Subsidiary.

“Restricted Investment” means an Investment other than a Permitted Investment.

“Restricted Subsidiary” means any Subsidiary of the Parent Guarantor that is not an Unrestricted Subsidiary.

“Revolving Credit Facility” means the revolving credit agreement for an amount of up to \$40.0 million to be entered into on or prior to the First Escrow Release Date among the Issuer, as borrower, certain of the Parent Guarantor’s Subsidiaries, as guarantors, and certain financial institutions, as lenders, as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (subject to compliance with Section 4.06) or altering the maturity thereof.

“Rule 144” means Rule 144 under the Securities Act (including any successor regulation thereto), as it may be amended from time to time.

“Rule 144A” means Rule 144A under the Securities Act (including any successor regulation thereto), as it may be amended from time to time.

“S&P” means Standard & Poor’s Ratings Group and its successors.

“Second Escrow Release Date” has the meaning assigned to such term in the Escrow Agreement.

“Securities Act” means the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

“Security Agent” means Citibank, N.A., London Branch acting as security agent pursuant to the Intercreditor Agreement or such successor Security Agent or any delegate thereof as may be appointed thereunder.

“Security Documents” means the security agreements, pledge agreements, charge agreements, collateral assignments and any other instrument and document executed and delivered pursuant to this Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by this Indenture.

“Security Interests” means security interests in the Collateral securing the Notes and the Note Guarantees.

“Significant Subsidiary” means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (i) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Parent Guarantor or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Parent Guarantor.

“Stated Maturity” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“Subordinated Shareholder Funding” means, collectively, any funds provided to the Parent Guarantor by any Parent Entity, any Affiliate of any Parent Entity or the Principal or any Related Party of the Principal in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Parent Guarantor or any funding meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross ups, or any similar cash amounts;
- (3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the maturity of the Notes;
- (4) does not provide for or require any security interest or encumbrance over any asset of the Parent Guarantor or any of its Subsidiaries; and
- (5) pursuant to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

“Subsidiary” means, with respect to any specified Person:

- (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“Subsidiary Guarantor” means each subsidiary of the Parent Guarantor that has provided a Note Guarantee.

“Supplemental Indenture” means a supplemental indenture to this Indenture substantially in the form of Exhibit D attached hereto.

“Tax” means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and additions to tax related thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). “Taxes” and “Taxation” shall be construed to have corresponding meanings.

“Tax Lease Counterparty” means a Subsidiary of a credit institution which is tax integrated within such credit institution’s tax group or is tax transparent with such credit institution (including any Subsidiary of the Parent Guarantor that is transferred to such credit institution) that is the counterparty to the Parent Guarantor or the relevant Restricted Subsidiary under a French Tax Lease.

“Total Assets” means the total assets of the Parent Guarantor and its Subsidiaries that are Restricted Subsidiaries, as shown on the most recent balance sheet of the Parent Guarantor, determined on a consolidated basis in accordance with IFRS.

“Total Tangible Assets” means the Total Assets excluding consolidated intangible assets.

“Trust Officer” means any officer within the agency and corporate trust group, division or section of the Trustee (however named, or any successor group of the Trustee) and also means, with respect to any particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Unearned Customer Deposits” means amounts paid to the Parent Guarantor or any of its Subsidiaries representing customer deposits for unsailed bookings (whether paid directly by the customer or by a credit card company).

“Unrestricted Subsidiary” means any Subsidiary of the Parent Guarantor (other than the Issuer or any successor to the Issuer) that is designated by the Board of Directors of the Parent Guarantor as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary:

- (1) has no Indebtedness other than Non-Recourse Debt or a Lien described in clause (28) of the definition of “Permitted Liens”;
- (2) except as permitted under Section 4.10, is not party to any agreement, contract, arrangement or understanding with the Parent Guarantor or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are, taken as a whole, no less favorable to the Parent Guarantor or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Parent Guarantor; and
- (3) is a Person with respect to which neither the Parent Guarantor nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results.

“U.S. dollar” or “\$” means the lawful currency of the United States of America.

“Vessel” means a passenger cruise vessel which is owned by and registered (or to be owned by and registered) in the name of the Parent Guarantor or any of its Restricted Subsidiaries or operated or to be operated by the Parent Guarantor or any of its Restricted Subsidiaries, in each case together with all related spares, equipment and any additions or improvements.

“Vessel Holding Company” means a Subsidiary of the Parent Guarantor, the assets of which consist solely of one or more Vessels and the corresponding Related Vessel Property and whose activities are limited to the ownership of such Vessels and Related Vessel Property and any other asset reasonably related to or resulting from the

acquisition, purchase, charter, leasing, rental, construction, ownership, operation, improvement, expansion and maintenance of such Vessel, the leasing of such Vessels and any activities reasonably incidental to the foregoing.

“Voting Stock” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amounts of such Indebtedness.

SECTION 1.02. Other Definitions.

| Term | Defined in Section |
|--------------------------------------|--------------------|
| “Additional Amounts” | 4.12(a) |
| “Additional Intercreditor Agreement” | 4.13(a) |
| “Additional Notes” | Recitals |
| “Affiliate Transaction” | 4.10(a) |
| “Agents” | 2.03 |
| “Applicable Procedures” | 2.06(b) |
| “Authorized Agent” | 12.08 |
| “Change of Control Offer” | 4.11(a) |
| “Change of Control Purchase Date” | 4.11(a) |
| “Change of Control Purchase Price” | 4.11(a) |
| “Covenant Defeasance” | 8.03 |
| “Defaulted Interest” | 2.12 |
| “Event of Default” | 6.01(a) |
| “Excess Proceeds” | 4.09(c) |
| “Global Notes” | 2.01(c) |
| “incur” | 4.06(a) |
| “Increased Amount” | 4.07 |
| “Issuer” | Preamble |
| “Judgment Currency” | 12.14 |
| “Legal Defeasance” | 8.02 |
| “Notes” | Recitals |
| “Obligations” | 10.01(a) |
| “Original Notes” | Recitals |
| “Participants” | 2.01(c) |
| “Paying Agent” | 2.03 |
| “Permitted Debt” | 4.06(b) |
| “Principal Paying Agent” | 2.03 |
| “Registrar” | 2.03 |
| “Regulation S Global Note” | 2.01(b) |
| “Required Currency” | 12.14 |
| “Restricted Global Note” | 2.01(b) |
| “Restricted Payments” | 4.08(a) |
| “Security Register” | 2.03 |
| “Special Mandatory Redemption” | 3.06 |
| “Special Mandatory Redemption Price” | 3.06 |

| Term | Defined in Section |
|-------------------------------|--------------------|
| "Special Termination Date" | 3.06 |
| "Supplemental Security Agent" | 7.08(b) |
| "Surviving Entity" | 5.01(a) |
| "Tax Jurisdiction" | 4.12(a) |
| "Transfer Agent" | 2.03 |
| "Trustee" | Preamble |

SECTION 1.03. Rules of Construction. Unless the context otherwise requires:

- (i) a term has the meaning assigned to it;
- (ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with IFRS;
- (iii) "or" is not exclusive;
- (iv) "including" or "include" means including or include without limitation;
- (v) words in the singular include the plural and words in the plural include the singular;
- (vi) unsecured or unguaranteed Indebtedness shall not be deemed to be subordinate or junior to secured or guaranteed Indebtedness merely by virtue of its nature as unsecured or unguaranteed Indebtedness; and
- (vii) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, clause or other subdivision.

ARTICLE TWO THE NOTES

SECTION 2.01. The Notes.

(a) Form and Dating. The Notes and the Trustee's (or the authenticating agent's) certificate of authentication shall be substantially in the form of Exhibit A attached hereto with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture. The Notes may have notations, legends or endorsements required by law, the rules of any securities exchange agreements to which the Issuer is subject, if any, or usage; *provided* that any such notation, legend or endorsement is in form reasonably acceptable to the Issuer. The Issuer shall approve the form of the Notes. Each Note shall be dated the date of its authentication. The terms and provisions contained in the form of the Notes shall constitute and are hereby expressly made a part of this Indenture. The Notes shall be issued only in registered form without coupons and only in minimum denominations of \$2,000 in principal amount and any integral multiples of \$1,000 in excess thereof.

(b) Global Notes. Notes offered and sold to QIBs in reliance on Rule 144A shall be issued initially in the form of one or more Global Notes substantially in the form of Exhibit A attached hereto, with such applicable legends as are provided in Exhibit A attached hereto, except as otherwise permitted herein (the "Restricted Global Note"), which shall be deposited on behalf of the purchasers of the Notes represented thereby with a custodian for DTC, and registered in the name of DTC or its nominee, duly executed by the Issuer and authenticated by the Trustee (or its authenticating agent in accordance with Section 2.02) as hereinafter provided. The aggregate principal amount of the Restricted Global Note may from time to time be increased or decreased by adjustments made by the Registrar on Schedule A to the Restricted Global Note and recorded in the Security Register, as hereinafter provided.

Notes offered and sold in reliance on Regulation S shall be issued initially in the form of one or more Global Notes substantially in the form of Exhibit A attached hereto, with such applicable legends as are provided in Exhibit A attached hereto, except as otherwise permitted herein (the “Regulation S Global Note”), which shall be deposited on behalf of the purchasers of the Notes represented thereby with a custodian for DTC, and registered in the name of DTC or its nominee, duly executed by the Issuer and authenticated by the Trustee (or its authenticating agent in accordance with Section 2.02) as hereinafter provided. The aggregate principal amount of the Regulation S Global Note may from time to time be increased or decreased by adjustments made by the Registrar on Schedule A to the Regulation S Global Note and recorded in the Security Register, as hereinafter provided.

(c) Book-Entry Provisions. This Section 2.01(c) shall apply to the Regulation S Global Notes and the Restricted Global Notes (together, the “Global Notes”) deposited with or on behalf of DTC.

Members of, or participants and account holders in, DTC (including Euroclear and Clearstream) (“Participants”) shall have no rights under this Indenture with respect to any Global Note held on their behalf by DTC or by the Trustee or any custodian of DTC or under such Global Note, and DTC or its nominees may be treated by the Issuer, a Guarantor, the Trustee and any agent of the Issuer, a Guarantor or the Trustee as the sole owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, a Guarantor, the Trustee or any agent of the Issuer, a Guarantor or the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC, on the one hand, and the Participants, on the other, the operation of customary practices of such persons governing the exercise of the rights of a Holder of a beneficial interest in any Global Note.

Subject to the provisions of Section 2.10(b), the registered Holder of a Global Note may grant proxies and otherwise authorize any Person, including Participants and Persons that may hold interests through Participants, to take any action that a Holder is entitled to take under this Indenture or the Notes.

Except as provided in Section 2.10, owners of a beneficial interest in Global Notes will not be entitled to receive physical delivery of Definitive Registered Notes.

SECTION 2.02. Execution and Authentication. An authorized member of the Issuer’s Board of Directors or an executive officer of the Issuer shall sign the Notes on behalf of the Issuer by manual or facsimile signature.

If an authorized member of the Issuer’s Board of Directors or an executive officer whose signature is on a Note no longer holds that office at the time the Trustee (or its authenticating agent) authenticates the Note, the Note shall be valid nevertheless.

A Note shall not be valid or obligatory for any purpose until an authorized signatory of the Trustee (or its authenticating agent) manually signs the certificate of authentication on the Note. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Issuer shall execute and, upon receipt of an Issuer Order, the Trustee shall authenticate (whether itself or via the authenticating agent) (a) Original Notes, on the date hereof, for original issue up to an aggregate principal amount of \$550,000,000 and (b) Additional Notes, from time to time, subject to compliance at the time of issuance of such Additional Notes with the provisions of Section 4.06 and Section 4.07. The Issuer is permitted to issue Additional Notes as part of a further issue under this Indenture, from time to time; *provided* that, if the Additional Notes are not fungible with any series of Original Notes for U.S. federal income tax purposes, such Additional Notes will have a separate CUSIP number and/or ISIN, if applicable.

The Trustee may appoint an authenticating agent reasonably acceptable to the Issuer to authenticate the Notes. Unless limited by the terms of such appointment, any such authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by any such agent. An authenticating agent has the same rights as any Registrar, co-Registrar, Transfer Agent or Paying Agent to deal with the Issuer or an Affiliate of the Issuer.

The Trustee shall have the right to decline to authenticate and deliver any Notes under this Section 2.02 if the Trustee, being advised by counsel, determines that such action may not lawfully be taken or if the Trustee in good faith shall determine that such action would expose the Trustee to personal liability to existing Holders.

SECTION 2.03. Registrar, Transfer Agent and Paying Agent. The Issuer shall maintain an office or agency for the registration of the Notes and of their transfer or exchange (the “Registrar”), an office or agency where Notes may be transferred or exchanged (the “Transfer Agent”), an office or agency where the Notes may be presented for payment (the “Paying Agent” and references to the Paying Agent shall include the Principal Paying Agent) and an office or agency where notices or demands to or upon the Issuer in respect of the Notes may be served. The Issuer may appoint one or more Transfer Agents, one or more co-Registrars and one or more additional Paying Agents.

The Issuer shall maintain a Paying Agent in London, England and a Registrar in Frankfurt, Germany. The Issuer or any of its Affiliates may act as Transfer Agent, Registrar, co-Registrar, Paying Agent and agent for service of notices and demands in connection with the Notes; *provided* that neither the Issuer nor any of its Affiliates shall act as Paying Agent for the purposes of Articles Three and Eight and Sections 4.09 and 4.11.

The Issuer hereby appoints (i) Citibank, N.A., London Branch, located at Citigroup Centre, 25 Canada Square, Canary Wharf, London E14 5LB, United Kingdom, as Transfer Agent and as Principal Paying Agent (the “Principal Paying Agent”) in London, England and (ii) Citigroup Global Markets Deutschland AG, located at 5th Floor Reuterweg 16, 60323 Frankfurt, Germany, as Registrar. Each hereby accepts such appointments. The Transfer Agent, Principal Paying Agent and Registrar and any authenticating agent are collectively referred to in this Indenture as the “Agents”. The roles, duties and functions of the Agents are of a mechanical nature and each Agent shall only perform those acts and duties as specifically set out in this Indenture and no other acts, covenants, obligations or duties shall be implied or read into this Indenture against any of the Agents. For the avoidance of doubt, a Paying Agent’s obligation to disburse any funds shall be subject to prior receipt by it of those funds to be disbursed.

The Issuer shall maintain a Paying Agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC, as amended or supplemented from time to time, including through European Council Directive 2014/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such Directive.

Subject to any applicable laws and regulations, the Issuer shall cause the Registrar to keep a register (the “Security Register”) at its corporate trust office in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of ownership, exchange, and transfer of the Notes. Such registration in the Security Register shall be conclusive evidence of the ownership of Notes. Included in the books and records for the Notes shall be notations as to whether such Notes have been paid, exchanged or transferred, canceled, lost, stolen, mutilated or destroyed and whether such Notes have been replaced. In the case of the replacement of any of the Notes, the Registrar shall keep a record of the Note so replaced and the Note issued in replacement thereof. In the case of the cancellation of any of the Notes, the Registrar shall keep a record of the Note so canceled and the date on which such Note was canceled.

The Issuer shall enter into an appropriate agency agreement with any Paying Agent or co-Registrar not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee of the name and address of any such agent. If the Issuer fails to maintain a Registrar or Paying Agent, the Trustee may appoint a suitably qualified and reputable party to act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.05.

SECTION 2.04. Paying Agent to Hold Money. Not later than 12:00 p.m. (London, England time), one Business Day prior to each due date of the principal, premium, if any, and interest on any Notes, the Issuer shall deposit with the Principal Paying Agent money in immediately available funds in U.S. dollars, sufficient to pay such principal, premium, if any, and interest so becoming due on the due date for payment under the Notes. The Issuer shall procure payment confirmation on or prior to the third Business Day preceding payment. The Principal Paying Agent (and, if applicable, each other Paying Agent) shall remit such payment in a timely manner to the Holders on the relevant due date for payment, it being acknowledged by each Holder that if the Issuer deposits such money with

the Principal Paying Agent after the time specified in the immediately preceding sentence, the Principal Paying Agent shall remit such money to the Holders on the relevant due date for payment, unless such remittance is impracticable having regard to applicable banking procedures and timing constraints, in which case the Principal Paying Agent shall remit such money to the Holders on the next Business Day, but without liability for any interest resulting from such late payment. For the avoidance of doubt, the Principal Paying Agent shall only be obliged to remit money to Holders if it has actually received such money from the Issuer in clear funds. The Principal Paying Agent shall promptly notify the Trustee of any default by the Issuer (or any other obligor on the Notes) in making any payment. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee and account for any funds disbursed, and the Trustee may at any time during the continuance of any payment default, upon written request to a Paying Agent, require such Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed. Upon doing so, the Paying Agent shall have no further liability for the money so paid over to the Trustee. If the Issuer or any Affiliate of the Issuer acts as Paying Agent, it shall, on or before each due date of any principal, premium, if any, or interest on the Notes, segregate and hold in a separate trust fund for the benefit of the Holders a sum of money sufficient to pay such principal, premium, if any, or interest so becoming due until such sum of money shall be paid to such Holders or otherwise disposed of as provided in this Indenture, and shall promptly notify the Trustee of its action or failure to act.

The Trustee may, if the Issuer has notified it in writing that the Issuer intends to effect a defeasance or to satisfy and discharge this Indenture in accordance with the provisions of Article Eight, notify the Paying Agent in writing of this fact and require the Paying Agent (until notified by the Trustee to the contrary) to act thereafter as Paying Agent of the Trustee and not the Issuer in relation to any amounts deposited with it in accordance with the provisions of Article Eight.

SECTION 2.05. Holder Lists. The Registrar shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee, in writing no later than the Record Date for each Interest Payment Date and at such other times as the Trustee may request in writing, a list, in such form and as of such Record Date as the Trustee may reasonably require, of the names and addresses of Holders, including the aggregate principal amount of Notes held by each Holder.

SECTION 2.06. Transfer and Exchange.

(a) Where Notes are presented to the Registrar or a co-Registrar with a request to register a transfer or to exchange them for an equal principal amount of Notes of other denominations, the Registrar shall register the transfer or make the exchange in accordance with the requirements of this Section 2.06. To permit registrations of transfers and exchanges, the Issuer shall execute and the Trustee (or the authenticating agent) shall, upon receipt of an Issuer Order, authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes, of any authorized denominations and of a like aggregate principal amount, at the Registrar's request; *provided* that no Note of less than \$2,000 may be transferred or exchanged. No service charge shall be made for any registration of transfer or exchange of Notes (except as otherwise expressly permitted herein), but the Issuer may require payment of a sum sufficient to cover any agency fee or similar charge payable in connection with any such registration of transfer or exchange of Notes (other than any agency fee or similar charge payable in connection with any redemption of the Notes or upon exchanges pursuant to Sections 2.10, 3.08 or 9.04) or in accordance with an Asset Sale Offer pursuant to Section 4.09 or Change of Control Offer pursuant to Section 4.11, not involving a transfer.

Upon presentation for exchange or transfer of any Note as permitted by the terms of this Indenture and by any legend appearing on such Note, such Note shall be exchanged or transferred upon the Security Register and one or more new Notes shall be authenticated and issued in the name of the Holder (in the case of exchanges only) or the transferee, as the case may be. No exchange or transfer of a Note shall be effective under this Indenture unless and until such Note has been registered in the name of such Person in the Security Register. Furthermore, the exchange or transfer of any Note shall not be effective under this Indenture unless the request for such exchange or transfer is made by the Holder or by a duly authorized attorney-in-fact at the office of the Registrar.

Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Issuer or the Registrar) be duly endorsed, or be accompanied by a written instrument of transfer, in form satisfactory to the Issuer and the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer evidencing the same indebtedness, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Neither the Issuer nor the Trustee, Registrar or any Paying Agent shall be required (i) to issue, register the transfer of, or exchange any Note during a period beginning at the opening of 15 days before the day of the mailing of a notice of redemption of Notes selected for redemption under Section 3.02 and ending at the close of business on the day of such mailing, or (ii) to register the transfer of or exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(b) Notwithstanding any provision to the contrary herein, so long as a Global Note remains outstanding and is held by or on behalf of DTC, transfers of a Global Note, in whole or in part, or of any beneficial interest therein, shall only be made in accordance with Section 2.01(c), Section 2.06(a) and this Section 2.06(b); *provided* that a beneficial interest in a Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Global Note in accordance with the transfer restrictions set forth in the restricted Note legend on the Note, if any.

(i) Except for transfers or exchanges made in accordance with either of clauses (ii) or (iii) of this Section 2.06(b), transfers of a Global Note shall be limited to transfers of such Global Note in whole, but not in part, to nominees of DTC or to a successor of DTC or such successor's nominee.

(ii) Restricted Global Note to Regulation S Global Note. If the holder of a beneficial interest in the Restricted Global Note at any time wishes to exchange its interest in such Restricted Global Note for an interest in the Regulation S Global Note, or to transfer its interest in such Restricted Global Note to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Regulation S Global Note, such transfer or exchange may be effected, only in accordance with this clause (ii) and the rules and procedures of DTC, in each case to the extent applicable (the "Applicable Procedures"). Upon receipt by the Registrar from the Transfer Agent of (A) written instructions directing the Registrar to credit or cause to be credited an interest in the Regulation S Global Note in a specified principal amount and to cause to be debited an interest in the Restricted Global Note in such specified principal amount, and (B) a certificate in the form of Exhibit B attached hereto given by the holder of such beneficial interest stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Global Notes and (x) pursuant to and in accordance with Regulation S or (y) that the interest in the Restricted Global Note being transferred is being transferred in a transaction permitted by Rule 144, then the Registrar shall reduce or cause to be reduced the principal amount of the Restricted Global Note and shall cause DTC to increase or cause to be increased the principal amount of the Regulation S Global Note by the aggregate principal amount of the interest in the Restricted Global Note to be exchanged or transferred.

(iii) Regulation S Global Note to Restricted Global Note. If the holder of a beneficial interest in the Regulation S Global Note at any time wishes to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Restricted Global Note, such transfer may be effected only in accordance with this clause (iii) and the Applicable Procedures. Upon receipt by the Registrar from the Transfer Agent of (A) written instructions directing the Registrar to credit or cause to be credited an interest in the Restricted Global Note in a specified principal amount and to cause to be debited an interest in the Regulation S Global Note in such specified principal amount, and (B) a certificate in the form of Exhibit C attached hereto given by the holder of such beneficial interest stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Global Notes and stating that (x) the Person transferring such interest reasonably believes that the Person acquiring such interest is a QIB and is obtaining such interest in a transaction meeting the requirements of Rule 144A and any applicable securities laws of any state of the United States or (y) that the Person transferring such interest is relying on an exemption other than Rule 144A from the registration requirements of the Securities Act and, in such circumstances, such Opinion of Counsel as the Issuer or the Trustee may reasonably request to ensure that the requested transfer or exchange is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, then the Registrar shall reduce or cause to be reduced the principal amount of the Regulation S Global Note and to increase or cause to be

increased the principal amount of the Restricted Global Note by the aggregate principal amount of the interest in such Regulation S Global Note to be exchanged or transferred.

(c) If Notes are issued upon the transfer, exchange or replacement of Notes bearing the restricted Notes legends set forth in Exhibit A attached hereto, the Notes so issued shall bear the restricted Notes legends, and a request to remove such restricted Notes legends from Notes shall not be honored unless there is delivered to the Issuer such satisfactory evidence, which may include an Opinion of Counsel licensed to practice law in the State of New York, as may be reasonably required by the Issuer, that neither the legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A or Rule 144 under the Securities Act. Upon provision of such satisfactory evidence, the Trustee, at the direction of the Issuer, shall (or shall direct the authenticating agent to) authenticate and deliver Notes that do not bear the legend.

(d) The Trustee, the Security Agent and the Agents shall have no responsibility for any actions taken or not taken by DTC, Euroclear or Clearstream, as the case may be.

SECTION 2.07. Replacement Notes. If a mutilated Definitive Registered Note is surrendered to the Registrar or if the Holder claims that the Note has been lost, destroyed or wrongfully taken, the Issuer shall issue and the Trustee shall (or shall direct the authenticating agent to), upon receipt of an Issuer Order, authenticate a replacement Note in such form as the Note mutilated, lost, destroyed or wrongfully taken if the Holder satisfies any other reasonable requirements of the Issuer and any requirement of the Trustee. If required by the Trustee or the Issuer, such Holder shall furnish an indemnity bond sufficient in the judgment of the Issuer and the Trustee to protect the Issuer, the Trustee, the Security Agent, the Paying Agent, the Transfer Agent, the Registrar and any co-Registrar, and any authenticating agent, from any loss that any of them may suffer if a Note is replaced. The Issuer and the Trustee may charge the Holder for their expenses in replacing a Note.

In the event any such mutilated, lost, destroyed or wrongfully taken Note has become or is about to become due and payable, the Issuer in its discretion may pay such Note instead of issuing a new Note in replacement thereof.

Every replacement Note shall be an additional obligation of the Issuer.

The provisions of this Section 2.07 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or wrongfully taken Notes.

SECTION 2.08. Outstanding Notes. Notes outstanding at any time are all Notes authenticated by or on behalf of the Trustee except for those cancelled by it, those delivered to it for cancellation and those described in this Section 2.08 as not outstanding. Subject to Section 2.09, a Note does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Note.

If a Note is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee and the Issuer receive proof satisfactory to them that the Note that has been replaced is held by a bona fide purchaser.

If the Paying Agent holds, in accordance with this Indenture, on a Redemption Date or maturity date money sufficient to pay all principal, interest and Additional Amounts, if any, payable on that date with respect to the Notes (or portions thereof) to be redeemed or maturing, as the case may be, and the Paying Agent is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture, then on and after that date such Notes (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.09. Notes Held by Issuer. In determining whether the Holders of the required principal amount of Notes have concurred in any direction or consent or any amendment, modification or other change to this Indenture, Notes owned by the Issuer or by any of its Affiliates shall be disregarded and treated as if they were not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent or any amendment, modification or other change to this Indenture, only Notes which a Trust Officer of the Trustee actually knows are so owned shall be so disregarded. Notes so owned which have been pledged in good faith shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to the Notes and that the pledgee is not the Issuer or any of its Affiliates.

SECTION 2.10. Definitive Registered Notes.

(a) A Global Note deposited with a custodian for DTC pursuant to Section 2.01 shall be transferred in whole to the beneficial owners thereof in the form of Definitive Registered Notes only if such transfer complies with Section 2.06 and (i) DTC notifies the Issuer that it is unwilling or unable to continue to act as depository for such Global Note or DTC ceases to be registered as a clearing agency under the Exchange Act, and in each case a successor depository is not appointed by the Issuer within 90 days of such notice, (ii) the Issuer, at its option, executes and delivers to the Trustee an Officer's Certificate stating that such Global Note shall be so exchangeable or (iii) the owner of a Book-Entry Interest requests such an exchange in writing delivered through DTC following an Event of Default under this Indenture. Notice of any such transfer shall be given by the Issuer in accordance with the provisions of Section 12.02(a).

(b) Any Global Note that is transferable to the beneficial owners thereof in the form of Definitive Registered Notes pursuant to this Section 2.10 shall be surrendered by the custodian for DTC, to the Transfer Agent, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall itself or via the authenticating agent authenticate and deliver, upon such transfer of each portion of such Global Note, an equal aggregate principal amount at maturity of Notes of authorized denominations in the form of Definitive Registered Notes. Any portion of a Global Note transferred or exchanged pursuant to this Section 2.10 shall be executed, authenticated and delivered only in registered form in minimum denominations of \$2,000 and any integral multiples of \$1,000 in excess thereof and registered in such names as DTC may direct. Subject to the foregoing, a Global Note is not exchangeable except for a Global Note of like denomination to be registered in the name of DTC or its nominee. In the event that a Global Note becomes exchangeable for Definitive Registered Notes, payment of principal, premium, if any, and interest on the Definitive Registered Notes will be payable, and the transfer of the Definitive Registered Notes will be registrable, at the office or agency of the Issuer maintained for such purposes in accordance with Section 2.03. Such Definitive Registered Notes shall bear the applicable legends set forth in Exhibit A attached hereto.

(c) In the event of the occurrence of any of the events specified in Section 2.10(a), the Issuer shall promptly make available to the Trustee and the authenticating agent a reasonable supply of Definitive Registered Notes in definitive, fully registered form without interest coupons.

SECTION 2.11. Cancellation. The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee, in accordance with its customary procedures, and no one else shall cancel (subject to the record retention requirements of the Exchange Act and the Trustee's retention policy) all Notes surrendered for registration of transfer, exchange, payment or cancellation and dispose of such cancelled Notes in its customary manner. Except as otherwise provided in this Indenture, the Issuer may not issue new Notes to replace Notes it has redeemed, paid or delivered to the Trustee for cancellation.

SECTION 2.12. Defaulted Interest. Any interest on any Note that is payable, but is not punctually paid or duly provided for, on the dates and in the manner provided in the Notes and this Indenture (all such interest herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Issuer, at its election in each case, as provided in clause (a) or (b) below:

(a) The Issuer may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes are registered at the close of business on a special record date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Issuer may deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest; or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held for the benefit of the Persons entitled to such Defaulted Interest as provided in this clause. In addition, the Issuer shall fix a special record date for the payment of such Defaulted Interest, such date to be not more than 15 days and not less than 10 days prior to the proposed payment date and not less than 15 days after the receipt by the Trustee of the notice of the proposed payment date. The Issuer shall promptly but, in any event, not less than 15 days prior to the special record date, notify the Trustee of

such special record date and, in the name and at the expense of the Issuer, the Trustee shall cause notice of the proposed payment date of such Defaulted Interest and the special record date therefor to be mailed first-class, postage prepaid to each Holder as such Holder's address appears in the Security Register, not less than 10 days prior to such special record date. Notice of the proposed payment date of such Defaulted Interest and the special record date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Notes are registered at the close of business on such special record date and shall no longer be payable pursuant to clause (b) below.

(b) The Issuer may make payment of any Defaulted Interest on the Notes in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Issuer to the Trustee of the proposed payment date pursuant to this clause, such manner of payment shall be deemed reasonably practicable.

Subject to the foregoing provisions of this Section 2.12, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 2.13. Computation of Interest. Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 2.14. ISIN and CUSIP Numbers. The Issuer in issuing the Notes may use ISIN and CUSIP numbers (if then generally in use), and, if so, the Trustee shall use ISIN and CUSIP numbers, as appropriate, in notices of redemption as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers or codes either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer shall promptly notify the Trustee of any change in the ISIN or CUSIP numbers.

SECTION 2.15. Issuance of Additional Notes. The Issuer may, subject to Section 4.06 of this Indenture, issue Additional Notes under this Indenture in accordance with the procedures of Section 2.02. The Original Notes issued on the Issue Date and any Additional Notes subsequently issued shall be treated as a single class for all purposes under this Indenture.

ARTICLE THREE REDEMPTION; OFFERS TO PURCHASE

SECTION 3.01. Right of Redemption. The Issuer may redeem all or any portion of the Notes upon the terms and at the Redemption Prices set forth in the Notes. Any redemption pursuant to this Section 3.01 shall be made pursuant to the provisions of this Article Three.

SECTION 3.02. Notices to Trustee. If the Issuer elects to redeem Notes pursuant to Section 3.01, it shall notify the Trustee in writing of the Redemption Date and the record date, the principal amount of Notes to be redeemed, the Redemption Price and the paragraph of the Notes pursuant to which the redemption will occur.

The Issuer shall give each notice to the Trustee provided for in this Section 3.02 in writing at least 10 days before the date notice is mailed to the Holders pursuant to Section 3.04 unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officer's Certificate from the Issuer to the effect that such redemption will comply with the conditions herein. If fewer than all the Notes are to be redeemed, the record date relating to such redemption shall be selected by the Issuer and given to the Trustee, which record date shall be not less than 15 days after the date of notice to the Trustee.

SECTION 3.03. Selection of Notes to Be Redeemed. If fewer than all of the Notes are to be redeemed at any time, the Trustee shall select the Notes to be redeemed by a method that complies with the requirements, as certified to it by the Issuer, of the principal securities exchange, if any, on which the Notes are listed at such time,

and in compliance with the requirements of the relevant clearing system or, if the Notes are not listed on a securities exchange, or such securities exchange prescribes no method of selection and the Notes are not held through clearing system or the clearing system prescribes no method of selection, on a pro rata basis, by lot or by such other method as the Trustee deems fair and appropriate; *provided, however*, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than \$2,000.

The Trustee shall make the selection from the Notes outstanding and not previously called for redemption. The Trustee may select for redemption portions equal to \$1,000 in principal amount and any integral multiple thereof; *provided* that no Notes of \$2,000 in principal amount or less may be redeemed in part. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption. The Trustee shall notify the Issuer promptly in writing of the Notes or portions of Notes to be called for redemption.

The Trustee shall not be liable for selections made in accordance with the provisions of this Section 3.03 or for selections made by DTC.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

SECTION 3.04. Notice of Redemption.

(a) At least 10 days but not more than 60 days before a date for redemption of the Notes, the Issuer shall mail a notice of redemption by first-class mail to each Holder to be redeemed at its address contained in the Security Register, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture, and shall comply with the provisions of Section 12.02(b).

(b) The notice shall identify the Notes to be redeemed (including ISIN and CUSIP numbers) and shall state:

- (i) the Redemption Date and the record date;
- (ii) the appropriate calculation of the Redemption Price and the amount of accrued interest, if any, and Additional Amounts, if any, to be paid;
- (iii) the name and address of the Paying Agent;
- (iv) that Notes called for redemption must be surrendered to the Paying Agent to collect the Redemption Price plus accrued interest, if any, and Additional Amounts, if any;
- (v) that, if any Note is being redeemed in part, the portion of the principal amount (equal to \$1,000 in principal amount or any integral multiple thereof) of such Note to be redeemed and that, on and after the Redemption Date, upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion thereof will be reissued;
- (vi) that, if any Note contains an ISIN or CUSIP number, no representation is being made as to the correctness of such ISIN or CUSIP number either as printed on the Notes or as contained in the notice of redemption and that reliance may be placed only on the other identification numbers printed on the Notes;
- (vii) that, unless the Issuer and the Guarantors default in making such redemption payment, interest on the Notes (or portion thereof) called for redemption shall cease to accrue on and after the Redemption Date; and
- (viii) the paragraph of the Notes pursuant to which the Notes called for redemption are being redeemed.

At the Issuer's written request, the Trustee shall give a notice of redemption in the Issuer's name and at the Issuer's expense. In such event, the Issuer shall provide the Trustee with the notice and the other information required by this Section 3.04.

For Notes which are represented by global certificates held on behalf of DTC, notices may be given by delivery of the relevant notices to DTC for communication to entitled account holders in substitution for the aforesaid mailing.

SECTION 3.05. Deposit of Redemption Price. At least one Business Day prior to any Redemption Date, by no later than 12:00 p.m. (London, England time) on that date, the Issuer shall deposit or cause to be deposited with the Paying Agent (or, if the Issuer or any of its Affiliates is the Paying Agent, shall segregate and hold in trust) a sum in same day funds sufficient to pay the Redemption Price of and accrued interest and Additional Amounts, if any, on all Notes to be redeemed on that date other than Notes or portions of Notes called for redemption that have previously been delivered by the Issuer to the Trustee for cancellation. The Paying Agent shall return to the Issuer following a written request by the Issuer any money so deposited that is not required for that purpose.

SECTION 3.06. Special Mandatory Redemption. In the event that (a) all amounts outstanding under the New Build Facility have not been permanently repaid (together with the cancellation of all remaining commitments thereunder) on or prior to the Escrow Long Stop Date or (b) final delivery of the *Silver Muse* has not been made pursuant to the New Build Agreement (as amended to the date of the Offering Memorandum and without any subsequent change to the terms thereof that are materially adverse to the interests of the Holders) by the Escrow Long Stop Date, or (c) there is an event of bankruptcy, insolvency or court protection with respect to the Parent Guarantor or the Issuer on or prior to the Escrow Long Stop Date (the date of any such event being the "Special Termination Date"), the Issuer will redeem, in the case of clause (a) or (c), all of the Notes or, in the case of clause (b) (so long as neither clause (a) nor (c) is applicable), \$275.0 million aggregate principal amount of the Notes (the "Special Mandatory Redemption") on a pro rata basis, in each case, at price (the "Special Mandatory Redemption Price") equal to 100% of the aggregate issue price of the Notes, plus accrued but unpaid interest and Additional Amounts, if any, from the Issue Date to the date of redemption (subject to the right of Holders on the relevant Record Date to receive interest due on the relevant Interest Payment Date).

Notice of the Special Mandatory Redemption will be delivered by the Issuer, no later than one Business Day following the Special Termination Date, to the Trustee, the Principal Paying Agent and the Escrow Agent, and will provide that the Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is given by the Issuer in accordance with the terms of the Escrow Agreement (the "Special Mandatory Redemption Date"). On the Special Mandatory Redemption Date, the Escrow Agent shall pay to the Principal Paying Agent for payment to each Holder the Special Mandatory Redemption Price for such Holder's Notes and, concurrently with the payment to such Holders, deliver any excess escrowed funds to the Issuer.

SECTION 3.07. Payment of Notes Called for Redemption. If notice of redemption has been given in the manner provided below, the Notes or portion of Notes specified in such notice to be redeemed shall become due and payable on the Redemption Date at the Redemption Price stated therein, together with accrued interest to such Redemption Date, and on and after such date (unless the Issuer shall default in the payment of such Notes at the Redemption Price and accrued interest to the Redemption Date, in which case the principal, until paid, shall bear interest from the Redemption Date at the rate prescribed in the Notes) such Notes shall cease to accrue interest. Upon surrender of any Note for redemption in accordance with a notice of redemption, such Note shall be paid and redeemed by the Issuer at the Redemption Price, together with accrued interest, if any, to the Redemption Date; *provided* that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders registered as such at the close of business on the relevant Record Date.

Notice of redemption shall be deemed to be given when mailed, whether or not the Holder receives the notice. In any event, failure to give such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of Notes held by Holders to whom such notice was properly given.

SECTION 3.08. Notes Redeemed in Part.

(a) Upon surrender of a Global Note that is redeemed in part, the Paying Agent shall forward such Global Note to the Registrar who shall make a notation on the Security Register to reduce the principal amount of such Global Note to an amount equal to the unredeemed portion of the Global Note surrendered; *provided* that each such Global Note shall be in a principal amount at final Stated Maturity of \$2,000 or an integral multiple of \$1,000 in excess thereof.

(b) Upon surrender and cancellation of a Definitive Registered Note that is redeemed in part, the Issuer shall execute and the Trustee shall authenticate for the Holder (at the Issuer's expense) a new Note equal in principal amount to the unredeemed portion of the Note surrendered and canceled; *provided* that each such Definitive Registered Note shall be in a principal amount at final Stated Maturity of \$2,000 or an integral multiple of \$1,000 in excess thereof.

ARTICLE FOUR COVENANTS

SECTION 4.01. Payment of Notes. The Issuer and the Guarantors, jointly and severally, covenant and agree for the benefit of the Holders that they shall duly and punctually pay the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes and in this Indenture. Subject to Section 2.04, principal, premium, if any, interest and Additional Amounts, if any, shall be considered paid on the date due if on such date the Trustee or the Paying Agent (other than the Issuer or any of its Affiliates) holds, as of 10:00 a.m. (London, England time) on the due date, in accordance with this Indenture, money sufficient to pay all principal, premium, if any, interest and Additional Amounts, if any, then due. If the Issuer or any of its Affiliates acts as Paying Agent, principal, premium, if any, interest and Additional Amounts, if any, shall be considered paid on the due date if the entity acting as Paying Agent complies with Section 2.04.

The Issuer or the Guarantors shall pay interest on overdue principal at the rate specified therefor in the Notes. The Issuer or the Guarantors shall pay interest on overdue installments of interest at the same rate to the extent lawful.

SECTION 4.02. Corporate Existence. Subject to Article Five, the Issuer, the Parent Guarantor and each Restricted Subsidiary shall do or cause to be done all things necessary to preserve and keep in full force and effect their corporate, partnership, limited liability company or other existence and the rights (charter and statutory), licenses and franchises of the Issuer, the Parent Guarantor and each Restricted Subsidiary; *provided* that neither the Issuer nor the Parent Guarantor shall be required to preserve any such right, license or franchise if the Board of Directors of the Issuer or the Parent Guarantor shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Issuer, the Parent Guarantor and the Restricted Subsidiaries as a whole and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 4.03. Maintenance of Properties. The Parent Guarantor shall cause all properties owned by it or any Restricted Subsidiary or used or held for use in the conduct of its business or the business of any Restricted Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Parent Guarantor may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; *provided* that nothing in this Section 4.03 shall prevent the Parent Guarantor from discontinuing the maintenance of any such properties if such discontinuance is, in the judgment of the Parent Guarantor, desirable in the conduct of the business of the Issuer, the Parent Guarantor and the Restricted Subsidiaries as a whole and not disadvantageous in any material respect to the Holders.

SECTION 4.04. Insurance. The Parent Guarantor shall maintain, and shall cause the Restricted Subsidiaries to maintain, insurance with carriers believed by the Parent Guarantor to be responsible, against such risks and in such amounts, and with such deductibles, retentions, self-insured amounts and coinsurance provisions, as the Parent Guarantor believes are customarily carried by businesses similarly situated and owning like properties, including as appropriate general liability, property and casualty loss and interruption of business insurance.

SECTION 4.05. Statement as to Compliance.

(a) The Parent Guarantor shall deliver to the Trustee, within 120 days after the end of each fiscal year or within 14 days of written request by the Trustee, an Officer's Certificate stating that in the course of the performance by the signer of its duties as an Officer of the Parent Guarantor he would normally have knowledge of any Default and whether or not the signer knows of any Default that occurred during such period and, if any, specifying such Default, its status and what action the Parent Guarantor is taking or proposed to take with respect thereto. For purposes of this Section 4.05(a), such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

(b) If the Parent Guarantor or the Issuer shall become aware that (i) any Default or Event of Default has occurred and is continuing or (ii) any Holder seeks to exercise any remedy hereunder with respect to a claimed Default under this Indenture or the Notes, the Parent Guarantor or the Issuer, as the case may be, shall immediately deliver to the Trustee an Officer's Certificate specifying such event, notice or other action (including any action the Parent Guarantor or the Issuer is taking or propose to take in respect thereof).

SECTION 4.06. Incurrence of Indebtedness and Issuance of Preferred Stock.

(a) The Parent Guarantor shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and the Parent Guarantor shall not and shall not permit any Restricted Subsidiary to issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*, that the Issuer may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Guarantors may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Fixed Charge Coverage Ratio for the Parent Guarantor's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.0 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) Section 4.06(a) shall not, however, prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt");

(1) the incurrence by the Parent Guarantor and its Restricted Subsidiaries of Existing Indebtedness (other than Indebtedness under the Revolving Credit Facility);

(2) the incurrence by the Parent Guarantor and any Restricted Subsidiary of Indebtedness under Credit Facilities in an aggregate principal amount at any time outstanding not to exceed the greater of \$60.0 million and 60% of Consolidated EBITDA of the Parent Guarantor for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred;

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes issued on the Issue Date and the related Note Guarantees;

(4) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Indebtedness represented by Attributable Debt, Capital Lease Obligations, mortgage financings or purchase money obligations, the issuance by the Parent Guarantor or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock (but excluding, in any such case, any French Tax Lease unless financing a vessel that does not constitute Collateral), in each case, incurred or issued for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation, repair, replacement or improvement of property (including Vessels), plant or equipment or other assets (including Capital Stock) used in the business of the Parent Guarantor or any of

its Restricted Subsidiaries, in an aggregate principal amount or liquidation preference, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred or Disqualified Stock or preferred stock issued pursuant to this clause (4), not to exceed the greater of \$20.0 million and 1.5% of Total Tangible Assets at any time outstanding (it being understood that any such Indebtedness may be incurred and such Disqualified Stock and preferred stock may be issued after the acquisition, purchase, charter, leasing or rental or the design, construction, installation, repair, replacement or the making of any improvement with respect to any asset (including Vessels)); *provided* that the principal amount of any Indebtedness, Disqualified Stock or preferred stock permitted under this clause (4) did not in each case at the time of incurrence exceed, together with amounts previously incurred and outstanding under this clause (4) with respect to such Vessel, (i) in the case of a completed Vessel, the Appraised Market Value and (ii) in the case of an uncompleted Vessel, 80% of the contract price for the acquisition or construction of such Vessel, in the case of this clause (ii), as determined on the date on which the agreement for acquisition or construction of such Vessel was entered into by the Parent Guarantor or its Restricted Subsidiary, *plus* any other Ready for Sea Cost of such Vessel *plus* 100% of any related export credit insurance premium;

(5) the incurrence by any Restricted Subsidiary of Indebtedness, the issuance by the Parent Guarantor or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock in connection with any New Vessel Financing or French Tax Lease in an aggregate principal amount at any one time outstanding (including all Permitted Refinancing Indebtedness and any French Tax Lease incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred or Disqualified Stock or preferred stock issued under this clause (5)) not exceeding the New Vessel Aggregate Secured Debt Cap as calculated on the date of the relevant incurrence under this clause (5);

(6) Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge, any Indebtedness (other than intercompany Indebtedness, Disqualified Stock or preferred stock) that was permitted to be incurred under Section 4.06(a) or clause (1), (3), (5), (6) or (12) of this Section 4.06(b);

(7) the incurrence by the Parent Guarantor or any Restricted Subsidiary of intercompany Indebtedness between or among the Parent Guarantor or any Restricted Subsidiary; *provided* that:

(a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and (i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Parent Guarantor and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Parent Guarantor and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Parent Guarantor or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Parent Guarantor or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Parent Guarantor or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (7);

(8) the issuance by any Restricted Subsidiary to the Parent Guarantor or to any of its Restricted Subsidiaries of preferred stock; *provided* that (i) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Parent Guarantor or a Restricted Subsidiary and (ii) any sale or other transfer of any such preferred stock to a Person that is not either the Parent Guarantor or a Restricted Subsidiary, will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (8);

(9) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Hedging Obligations and not for speculative purposes;

(10) the Guarantee by the Parent Guarantor or any Restricted Subsidiary of Indebtedness of the Parent Guarantor or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this Section 4.06; *provided* that, in each case, if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(11) the incurrence by the Parent Guarantor or any of its Restricted Subsidiaries of Indebtedness (i) in respect of workers' compensation claims, self-insurance obligations, captive insurance companies and bankers' acceptances in the ordinary course of business; (ii) in respect of letters of credit, surety, bid, performance, travel or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person or consistent with past practice or industry practice (including as required by any governmental authority) and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, or for the protection of customer deposits or credit card payments; *provided, however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing; (iii) arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 days; and (iv) consisting of (x) the financing of insurance premiums or (y) take-or-pay obligations contained in supply agreements, in each case, in the ordinary course of business;

(12) Indebtedness, Disqualified Stock or preferred stock (i) of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Parent Guarantor or any Restricted Subsidiary or (ii) incurred or issued to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Parent Guarantor or a Restricted Subsidiary; *provided, however*, with respect to this clause (12), that at the time of the acquisition or other transaction pursuant to which such Indebtedness, Disqualified Stock or preferred stock was deemed to be incurred or issued, (x) the Parent Guarantor would have been able to incur \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.06(a) after giving *pro forma* effect to the relevant acquisition or other transaction and the incurrence of such Indebtedness or issuance of such Disqualified Stock or preferred stock pursuant to this clause (12) or (y) the Fixed Charge Coverage Ratio for the Parent Guarantor's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or Disqualified Stock or preferred stock is issued pursuant to this clause (12), taken as one period, would not be less than it was immediately prior to giving *pro forma* effect to such acquisition or other transaction and the incurrence of such Indebtedness or issuance of such Disqualified Stock or preferred stock;

(13) Indebtedness arising from agreements of the Parent Guarantor or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary; *provided* that (in the case of a disposition) the maximum liability of the Parent Guarantor and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Parent Guarantor and its Restricted Subsidiaries in connection with such disposition;

(14) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Indebtedness in the form of Unearned Customer Deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;

(15) Indebtedness of the Parent Guarantor or any Restricted Subsidiary incurred in connection with credit card processing arrangements entered into in the ordinary course of business;

(16) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Indebtedness, the issuance by the Parent Guarantor or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock to finance the replacement (through construction or acquisition) of a Vessel upon an Event of Loss of such Vessel in an aggregate amount no greater than the Ready for Sea Cost for such replacement Vessel, in each case less all compensation, damages and other payments (including insurance proceeds other than in respect of business interruption insurance) received by the Parent Guarantor or any of its Restricted Subsidiaries from any Person in connection with such Event of Loss in excess of amounts actually used to repay Indebtedness secured by the Vessel subject to such Event of Loss and any costs and expenses incurred by the Parent Guarantor or any of its Restricted Subsidiaries in connection with such Event of Loss;

(17) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Indebtedness in relation to (i) regular maintenance required on any of the Vessels owned or chartered by the Parent Guarantor or any of its Restricted Subsidiaries, and (ii) any expenditures that are, or are reasonably expected to be, recoverable from insurance on such Vessels;

(18) the incurrence of Indebtedness by the Parent Guarantor or any Restricted Subsidiary of Indebtedness, the issuance by the Parent Guarantor or any Restricted Subsidiary of Disqualified Stock and the issuance by any Restricted Subsidiary of preferred stock in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred or Disqualified Stock or preferred stock issued pursuant to this clause (18), not to exceed the greater of \$10.0 million and 0.75% of Total Tangible Assets;

(19) the Guarantee by the Parent Guarantor or any Restricted Subsidiary of Indebtedness of a Tax Lease Counterparty under a French Tax Lease; *provided* that (i) the guaranteed Indebtedness was incurred in connection with a French Tax Lease that replaces, refinances or discharges or is the assumption or novation of a New Vessel Financing incurred in accordance with this Section 4.06; (ii) any such Guarantee must be unsecured and (iii) the amount of the guaranteed Indebtedness does not exceed (x) the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price or, if greater, committed amount (only to the extent the committed amount could have been incurred on the date of initial incurrence)) of the Indebtedness (*plus* the amount of accrued and unpaid interest or dividends on and the amount of all fees and expenses, including premiums, incurred in connection with the incurrence or issuance of, such Indebtedness or the implementation of the French Tax Lease), replaced, refinanced, discharged (or if the amount of such guaranteed Indebtedness is greater than such amount, such Guarantee is limited to such lesser amount) *plus* (y) 10% of the contract price for the acquisition or construction and any other Ready for Sea Cost of the related Vessel (and 100% of any related export credit insurance premium); and

(20) the assumption by the Parent Guarantor or any Restricted Subsidiary of the Indebtedness of a Tax Lease Counterparty in connection with the acquisition of such Tax Lease Counterparty upon the cancellation, dissolution or unwinding (or other transaction with similar effect) of the related French Tax Lease; *provided* that such Indebtedness shall be limited to the amount of Indebtedness incurred by such Tax Lease Counterparty in connection with such French Tax Lease.

(c) Neither the Issuer nor any Guarantor shall incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured.

(d) For purposes of determining compliance with this Section 4.06, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (20) of Section 4.06(b), or is entitled to be incurred pursuant to Section 4.06(a), the Parent Guarantor, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in Sections 4.06(a) and (b) and from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Section 4.06.

(e) The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock, the accretion of liquidation preference and the increase in the amount of Indebtedness outstanding solely as a result of fluctuations in exchange rates or currency values will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this Section 4.06; *provided*, in each such case, that the amount of any such accrual, accretion, amortization, payment, reclassification or increase is included in the Fixed Charges of the Parent Guarantor as accrued.

(f) For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred or, in the case of Indebtedness incurred under a revolving credit facility and at the option of the Parent Guarantor, first committed; *provided* that (a) if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than U.S. dollars, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced; and (b) if and for so long as any Indebtedness is subject to a Hedging Obligation with respect to the currency in which such Indebtedness is denominated covering principal amounts payable on such Indebtedness, the amount of such Indebtedness, if denominated in U.S. dollars, will be the amount of the principal payment required to be made under such Hedging Obligation and, otherwise, the U.S. dollar-equivalent of such amount plus the U.S. dollar-equivalent of any premium which is at such time due and payable but is not covered by such Hedging Obligation.

(g) Notwithstanding any other provision of this Section 4.06, the maximum amount of Indebtedness that the Parent Guarantor or any Restricted Subsidiary may incur pursuant to this Section 4.06 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

(h) The amount of any Indebtedness outstanding as of any date will be:

- (i) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;
- (ii) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (iii) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (A) the Fair Market Value of such assets at the date of determination; and
 - (B) the amount of the Indebtedness of the other Person.

SECTION 4.07. Liens.

(a) The Parent Guarantor shall not and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except (1) in the case of any property or assets that do not constitute Collateral, (A) Permitted Liens or (B) Liens on property or assets that are not Permitted Liens if, contemporaneously with (or prior to) the incurrence of such Lien, all payments due under this Indenture and the Notes (or the relevant Note Guarantee, in the case of Liens on property or assets of a Guarantor) are secured on an equal and ratable basis with or prior to the obligations so secured until such time as such obligations are no longer secured by a Lien; *provided* that, if the Indebtedness secured by such Lien is subordinate or junior in right of payment to the Notes or a Note Guarantee, as the case may be, then the Lien securing such Indebtedness shall be subordinate or junior in priority to the Lien securing the Notes or the Note Guarantee, as the case may be, at least to the same extent as such Indebtedness is subordinate or junior to the Notes or a Note Guarantee, as the case may be, and (2) in the case of any property or assets that constitute Collateral, Permitted Collateral Liens.

(b) With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms or in the form of common stock of the Parent Guarantor, the payment of dividends on preferred stock in the form of additional shares of preferred stock of the same class, the accretion of liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

(c) Any Lien created in favor of this Indenture and the Notes or a Note Guarantee pursuant to Section 4.07(a)(1)(B) will be automatically and unconditionally released and discharged (i) upon the release and discharge of the initial Lien to which it relates and (ii) otherwise as set forth under Section 11.04.

SECTION 4.08. Restricted Payments.

(a) The Parent Guarantor shall not, and shall not cause or permit any Restricted Subsidiary to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Parent Guarantor’s or any of its Restricted Subsidiaries’ Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Parent Guarantor or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Parent Guarantor’s or any of its Restricted Subsidiaries’ Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Parent Guarantor or in Subordinated Shareholder Funding and other than dividends or distributions payable to the Parent Guarantor or a Restricted Subsidiary);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Parent Guarantor) any Equity Interests of the Parent Guarantor or any direct or indirect parent entity of the Parent Guarantor;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, any Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Parent Guarantor and any of its Restricted Subsidiaries), except (i) a payment of principal at the Stated Maturity thereof or (ii) the purchase, repurchase, redemption, defeasance or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition, or make any cash interest payment on, or purchase,

repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

- (4) make any Restricted Investment

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as “Restricted Payments”), unless, at the time of any such Restricted Payment:

- (i) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;
- (ii) the Parent Guarantor would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.06(a); and

(iii) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Parent Guarantor and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (1) (without duplication of amounts paid pursuant to any other clause of Section 4.08(b)), (2), (3), (4), (5), (6), (7) and (9) of Section 4.08(b)), is less than the sum, without duplication, of:

(A) 50% of the Consolidated Net Income of the Parent Guarantor for the period (taken as one accounting period) from the first day of the fiscal quarter commencing immediately following the fiscal quarter in which the Issue Date occurs to the end of the Parent Guarantor’s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(B) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Parent Guarantor since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Parent Guarantor (other than Disqualified Stock) or Subordinated Shareholder Funding or from the issue or sale of convertible or exchangeable Disqualified Stock of the Parent Guarantor or any Restricted Subsidiary or convertible or exchangeable debt securities of the Parent Guarantor or any Restricted Subsidiary, in each case that have been converted into or exchanged for Equity Interests of the Parent Guarantor or Subordinated Shareholder Funding (other than (x) net cash proceeds and marketable securities received from an issuance or sale of Equity Interests, Disqualified Stock or convertible or exchangeable debt securities sold to a Subsidiary of the Parent Guarantor, (y) net cash proceeds and marketable securities received from an issuance or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities that have been converted into, exchanged or redeemed for Disqualified Stock and (z) net cash proceeds and marketable securities to the extent any Restricted Payment has been made from such proceeds pursuant to clause (4) of Section 4.08(b)); *plus*

(C) to the extent that any Restricted Investment that was made after the Issue Date is (i) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of marketable securities received; or (ii) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Parent Guarantor’s Restricted Investment as of the date such entity becomes a Restricted Subsidiary; *plus*

(D) to the extent that any Unrestricted Subsidiary of the Parent Guarantor designated as such after the Issue Date is redesignated as a Restricted Subsidiary, or is merged or consolidated into the Parent Guarantor or a Restricted Subsidiary, or all of the assets of such Unrestricted

Subsidiary are transferred to the Parent Guarantor or a Restricted Subsidiary, in each case, after the Issue Date, the Fair Market Value of the Parent Guarantor's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets to the extent such investments reduced the restricted payments capacity under this clause (iii) and were not previously repaid or otherwise reduced; *provided, however*, that no amount will be included in Consolidated Net Income of the Parent Guarantor for purposes of the preceding clause (A) to the extent that it is included under this clause (D); *plus*

(E) 100% of any dividends or distributions received by the Parent Guarantor or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Parent Guarantor for such period (excluding, for the avoidance of doubt, repayments of, or interest payments in respect of, any Permitted Investment pursuant to clause (16) of the definition thereof).

(b) The preceding provisions will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or distribution or redemption payment would have complied with the provisions of this Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Parent Guarantor) of, Equity Interests of the Parent Guarantor (other than Disqualified Stock) or Subordinated Shareholder Funding or from the substantially concurrent contribution of common equity capital to the Parent Guarantor; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (iii)(B) of Section 4.08(a) and will not be considered to be net cash proceeds from an Equity Offering for purposes of the provisions of paragraph 6 of the Notes;

(3) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Parent Guarantor or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) so long as no Default or Event of Default has occurred and is continuing, the purchase, repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Parent Guarantor or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Parent Guarantor or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such purchased, repurchased, redeemed, acquired or retired Equity Interests may not exceed \$1.0 million in the aggregate in any twelve-month period with unused amounts being carried over to any subsequent twelve-month period subject to a maximum aggregate amount of \$2.0 million being available in any twelve-month period; and *provided, further*, that such amount in any twelve-month period may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the Parent Guarantor or Subordinated Shareholder Funding, in each case, received by the Parent Guarantor during such twelve-month period, in each case to members of management, directors or consultants of the Parent Guarantor, any of its Restricted Subsidiaries or any of its direct or indirect parent companies to the extent the cash proceeds from the sale of such Equity Interests or Subordinated Shareholder Funding have not otherwise been applied to the making of Restricted Payments pursuant to clause (c) of the preceding paragraph or clause (2) of this paragraph or to an optional redemption of the Notes pursuant to the provisions of paragraph 6 of the Notes;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(6) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Parent Guarantor or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with Section 4.06;

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Parent Guarantor or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (i) the exercise of options or warrants or (ii) the conversion or exchange of Capital Stock of any such Person;

(8) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Parent Guarantor or any Restricted Subsidiary) on no more than a *pro rata* basis;

(9) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed \$20.0 million since the Issue Date; and

(10) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed \$1.0 million since the Issue Date.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Parent Guarantor or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

SECTION 4.09. Asset Sales.

(a) The Parent Guarantor shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Parent Guarantor (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Parent Guarantor or such Restricted Subsidiary is in the form of cash, Cash Equivalents or Replacement Assets or a combination thereof. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as recorded on the balance sheet of the Parent Guarantor or any Restricted Subsidiary (other than contingent liabilities), that are assumed by the transferee of any such assets and as a result of which the Parent Guarantor and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

(b) any securities, notes or other obligations received by the Parent Guarantor or any such Restricted Subsidiary from such transferee that are converted by the Parent Guarantor or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(c) any Capital Stock or assets of the kind referred to in clauses (2) or (4) of Section 4.09(b);

(d) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Parent Guarantor and each other Restricted Subsidiary are released from any Guarantee of such Indebtedness in connection with such Asset Sale;

(e) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Parent Guarantor or any Restricted Subsidiary; and

(f) consideration other than cash, Cash Equivalents or Replacement Assets received by the Parent Guarantor or any Restricted Subsidiary in Asset Sales with a Fair Market Value not exceeding \$10.0 million in the aggregate outstanding at any one time.

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, any Event of Loss or any French Tax Lease, the Parent Guarantor (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds:

(1) to purchase the Notes pursuant to an offer to all Holders at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the date of purchase (a “Notes Offer”);

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business; *provided* that (i) after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary and (ii) to the extent the assets that were the subject of such Asset Sale, Event of Loss or French Tax Lease comprised part of the Collateral, the assets comprising such Permitted Business shall also be pledged as Collateral;

(3) to make a capital expenditure; *provided* that to the extent the assets that were the subject of such Asset Sale or Event of Loss comprised part of the Collateral, such capital expenditures shall be made in respect of assets that are Collateral;

(4) to acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business; *provided* that to the extent the assets that were the subject of such Asset Sale or Event of Loss comprised part of the Collateral, the assets being acquired shall also be pledged as Collateral;

(5) to repurchase, prepay, redeem or repay Indebtedness (a) incurred under Section 4.06(b)(2) that is secured by a Lien on the Collateral; *provided* that in connection with any repurchase, prepayment, redemption or repayment of revolving credit Indebtedness pursuant to this clause (a), the Parent Guarantor or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment to be permanently reduced in an amount equal to the principal amount so repurchased, prepaid, redeemed or repaid; (b) upon the sale of assets that do not constitute Collateral, of a Restricted Subsidiary which is not the Issuer or a Guarantor (other than Indebtedness owed to the Parent Guarantor or another Restricted Subsidiary), or Indebtedness of the Issuer or any Guarantor that is secured by a Lien (*provided* that the assets secured by such Lien do not constitute Collateral) or (c) of the Issuer or a Guarantor which is secured by a Lien on the Collateral and which is *pari passu* in right of payment with the Notes or any Note Guarantee; *provided* that, in the case of this clause (c), the Parent Guarantor (or the applicable Restricted Subsidiary) may repurchase, prepay, redeem or repay such *pari passu* Indebtedness only if the Parent Guarantor (or the applicable Restricted Subsidiary) makes an offer to all Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Sale Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such *pari passu* Indebtedness;

(6) to enter into a binding commitment to apply the Net Proceeds pursuant to clause (2), (3) or (4) of this Section 4.09(b); *provided* that such binding commitment (or any subsequent commitments replacing the initial commitment that may be cancelled or terminated) shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated and (y) the 180th day following the expiration of the aforementioned 360 day period; or

- (7) any combination of the foregoing;

provided that in the case of clauses (2), (3) and (4), the Parent Guarantor (or the applicable Restricted Subsidiary, as the case may be), notwithstanding the proviso to each such clause, may choose to apply such Net Proceeds to acquire assets or Capital Stock of another Permitted Business, make capital expenditures and acquire assets, in each case, that are not Collateral so long as on the earlier of (i) the date of reinvestment of such Net Proceeds and (ii) the date on which the Parent Guarantor or the applicable Restricted Subsidiary enters into a binding commitment to reinvest such Net Proceeds from any Asset Sale, Event of Loss or French Tax Lease relating to Collateral, after giving pro forma effect to such application and any related transaction, the Loan-to-Value Ratio does not exceed 45%.

Pending the final application of any Net Proceeds, the Parent Guarantor (or the applicable Restricted Subsidiary) may temporarily reduce borrowings under any revolving credit facility, including the Revolving Credit Facility, or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

(c) Any Net Proceeds from Asset Sales or an Event of Loss that are not applied or invested as provided in Section 4.09(b) (it being understood that any portion of such Net Proceeds used to make an offer to purchase Notes as described in clauses (1) or (5) above shall be deemed to have been applied or invested whether or not such Notes Offer is accepted) will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds \$20.0 million, within ten Business Days thereof, the Issuer will make an offer (an "Asset Sale Offer") to all Holders and may make an offer to all holders of other Indebtedness that is secured by a Lien on the Collateral and that is *pari passu* with the Notes or any Note Guarantees with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets or events of loss to purchase, prepay or redeem the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of Holders on the relevant Record Date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and such other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a *pro rata* basis (or in the manner provided in Section 3.03), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations (and rules of any exchange on which the Notes are then listed) to the extent those laws, regulations or rules are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations or exchange rules conflict with the Asset Sale or Notes Offer provisions of this Indenture, the Issuer will comply with the applicable securities laws, regulations and rules and will not be deemed to have breached its obligations under the Asset Sale or Notes Offer provisions of this Indenture by virtue of such compliance.

SECTION 4.10. Transactions with Affiliates.

(a) The Parent Guarantor shall not, and shall not cause or permit any of its Restricted Subsidiaries to, make any payment to or 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 or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Parent Guarantor (each, an "Affiliate Transaction") involving aggregate payments or consideration in excess of \$5.0 million, unless:

- (1) the Affiliate Transaction is on terms that are, taken as a whole, no less favorable to the Parent Guarantor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Parent Guarantor or such Restricted Subsidiary with a Person who is not such an Affiliate; and

(2) the Parent Guarantor delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$10.0 million, a resolution of the Board of Directors of the Parent Guarantor set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this Section 4.10 and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Parent Guarantor (or in the event there is only one disinterested director, by such disinterested director, or, in the event there are no disinterested directors, by unanimous approval of the members of the Board of Directors of the Parent Guarantor); and, in addition,

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$25.0 million, an opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's-length basis from a Person who is not an Affiliate.

(b) Notwithstanding the foregoing, the following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.10(a):

(1) any employment agreement, collective bargaining agreement, consulting agreement or employee benefit arrangements with any employee, consultant, officer or director of the Parent Guarantor or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) transactions between or among the Parent Guarantor and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Parent Guarantor) that is an Affiliate of the Parent Guarantor solely because the Parent Guarantor owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees, salaries, bonuses, compensation, other employee benefits and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of Officers, directors, employees or consultants of the Parent Guarantor or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Parent Guarantor to Affiliates of the Parent Guarantor or any issuance of Subordinated Shareholder Funding;

(6) Restricted Payments that do not violate Section 4.08;

(7) transactions pursuant to or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not materially more disadvantageous to the Holders than the original agreement as in effect on the Issue Date;

(8) Permitted Investments (other than Permitted Investments described in clauses (3), (4), (5), (15) and (16) of the definition thereof);

(9) Management Advances;

(10) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to the Parent Guarantor or the Restricted Subsidiaries in the reasonable determination of the members of the Board of Directors of the Parent Guarantor or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(11) the granting and performance of any registration rights for the Parent Guarantor's Capital

Stock;

(12) any contribution to the capital of the Parent Guarantor;

(13) pledges of Equity Interests of Unrestricted Subsidiaries; and

(14) transactions undertaken in good faith (as certified by a responsible financial or accounting officer of the Parent Guarantor in an Officer's Certificate) between the Parent Guarantor and any other Person or a Restricted Subsidiary and any other Person with which the Parent Guarantor or any of its Restricted Subsidiaries files a consolidated tax return or which the Parent Guarantor or any of its Restricted Subsidiaries is part of a group for tax purposes that are effected for the purpose of improving the consolidated tax efficiency of the Parent Guarantor and its Subsidiaries and not for the purpose of circumventing any provision of this Indenture.

SECTION 4.11. Purchase of Notes upon a Change of Control.

(a) If a Change of Control occurs at any time, then the Issuer shall make an offer (a "Change of Control Offer") to each Holder to purchase such Holder's Notes, at a purchase price (the "Change of Control Purchase Price") in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Purchase Date") (subject to the rights of Holders on the relevant Record Dates to receive interest due on the relevant Interest Payment Date).

(b) Within 30 days following any Change of Control, the Issuer shall mail a notice to each Holder of the Notes at such Holder's registered address or otherwise deliver a notice in accordance with the procedures set forth in Section 3.04, which notice shall state:

(A) that a Change of Control has occurred, and the date it occurred, and that a Change of Control Offer is being made;

(B) the circumstances and relevant facts regarding such Change of Control (including, but not limited to, applicable information with respect to *pro forma* historical income, cash flow and capitalization after giving effect to the Change of Control);

(C) the Change of Control Purchase Price and the Change of Control Purchase Date, which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by this Indenture and described in such notice;

(D) that any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date unless the Change of Control Purchase Price is not paid;

(E) that any Note (or part thereof) not tendered shall continue to accrue interest; and

(F) any other procedures that a Holder must follow to accept a Change of Control Offer or to withdraw such acceptance.

(c) On the Change of Control Purchase Date, the Issuer shall, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Purchase Price in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

(d) The Paying Agent shall promptly mail (or cause to be delivered) to each Holder which has properly tendered and so accepted the Change of Control Offer for such Notes, and the Trustee (or an authenticating agent appointed by the Issuer) shall promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. Any Note so accepted for payment will cease to accrue interest on or after the Change of Control Purchase Date. The Issuer shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

(e) This Section 4.11 will be applicable whether or not any other provisions of this Indenture are applicable.

(f) If the Change of Control Purchase Date is on or after an interest Record Date and on or before the related Interest Payment Date, any accrued and unpaid interest, if any, shall be paid to the Person in whose name a Note is registered at the close of business on such Record Date, and no additional interest shall be payable to Holders who tender pursuant to the Change of Control Offer.

(g) The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer or (2) a notice of redemption has been given pursuant to the provisions of paragraph 6 of the Notes, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

(h) The Issuer shall comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations (and rules of any exchange on which the Notes are then listed) to the extent those laws, regulations or rules are applicable in connection with the repurchase of the Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations or exchange rules conflict with the Change of Control provisions of this Indenture, the Issuer shall comply with the applicable securities laws, regulations and rules and will not be deemed to have breached its obligations under this Indenture by virtue of such compliance.

SECTION 4.12. Additional Amounts.

(a) All payments made by or on behalf of the Issuer or any of the Guarantors under or with respect to the Notes or any Note Guarantee shall be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If the Issuer, any Guarantor or any other applicable withholding agent is required by law to withhold or deduct any amount for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is or was incorporated, engaged in business, organized or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which any payment is made by or on behalf of the Issuer or any Guarantor (including, without limitation, the jurisdiction of any Paying Agent) or any political sub-

division thereof or therein (each of (1) and (2), a “Tax Jurisdiction”) in respect of any payments under or with respect to the Notes or any Note Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, shall pay such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received and retained in respect of such payments by each beneficial owner of Notes after such withholding or deduction will equal the respective amounts that would have been received and retained in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts shall be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the holder or the beneficial owner of the Notes (or a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, trust, nominee, partnership, limited liability company or corporation) being or having been a citizen or resident or national of, or incorporated, engaged in a trade or business in, or having or having had a permanent establishment in, the relevant Tax Jurisdiction or having any other present or former connection with the relevant Tax Jurisdiction, other than any connection arising from the acquisition, ownership or disposition of Notes, the exercise or enforcement of rights under such Note, this Indenture or a Note Guarantee, or the receipt of payments in respect of such Note or a Note Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sale, transfer, personal property or similar Taxes;

(4) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or any Note Guarantee;

(5) any Taxes to the extent such Taxes would not have been imposed or withheld but for the failure of the holder or beneficial owner of the Notes, following the Issuer’s reasonable written request addressed to the holder at least 30 days before any such withholding or deduction would be imposed, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally eligible to provide such certification or documentation;

(6) any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a holder or beneficial owner of the Notes to the extent such Taxes could have been avoided by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent;

(7) any Taxes imposed on or with respect to any payment by the Issuer or any of the Guarantors to the holder of the Notes if such holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that such Taxes would not have been imposed on such payments had such holder been the sole beneficial owner of such Note;

(8) any Taxes that are imposed pursuant to current Section 1471 through 1474 of the Code or any amended or successor version that is substantively comparable and not materially more onerous to comply with, any regulations promulgated thereunder, any official interpretations thereof, any intergovernmental agreement between a non-U.S. jurisdiction and the United States (or any related law or administrative practices or procedures) implementing the foregoing or any agreements entered into pursuant to current Section 1471(b)(1) of the Code (or any amended or successor version described above); or

- (9) any combination of clauses (1) through (8) above.

In addition to the foregoing, the Issuer and the Guarantors shall also pay and indemnify the holder for any present or future stamp, issue, registration, value added, transfer, court or documentary Taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and additions to tax related thereto) which are levied by any jurisdiction on the execution, delivery, issuance, or registration of any of the Notes, this Indenture, any Note Guarantee or any other document referred to therein, or the receipt of any payments with respect thereto, or enforcement of, any of the Notes or any Note Guarantee (limited, solely in the case of Taxes attributable to the receipt of any payments, to any such Taxes imposed in a Tax Jurisdiction that are not excluded under clauses (1) through (3) or (5) through (9) above or any combination thereof).

(b) If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Issuer or the relevant Guarantor, as the case may be, shall deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to Holders on the relevant payment date. The Issuer or the relevant Guarantor will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee shall be entitled to rely absolutely on an Officer's Certificate as conclusive proof that such payments are necessary.

(c) The Issuer or the relevant Guarantor, if it is the applicable withholding agent, shall make all withholdings and deductions (within the time period) required by law and shall remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor shall use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor shall furnish to the Trustee (or to a Holder upon request), within 60 days after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity.

(d) Whenever in this Indenture or the Notes there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

(e) This Section 4.12 shall survive any termination, defeasance or discharge of this Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer (or any Guarantor) is incorporated, engaged in business, organized or resident for tax purposes, or any jurisdiction from or through which payment is made under or with respect to the Notes (or any Note Guarantee) by or on behalf of such Person and, in each case, any political subdivision thereof or therein.

SECTION 4.13. Additional Intercreditor Agreements and Amendments to the Intercreditor Agreement.

(a) At the request of the Parent Guarantor, in connection with the incurrence or refinancing by the Parent Guarantor or its Restricted Subsidiaries of any Indebtedness secured or permitted to be secured by the Collateral, the Parent Guarantor, the relevant Restricted Subsidiaries, the Trustee, the Security Agent and the Intercreditor Agent, as applicable, shall enter into an intercreditor or similar agreement or a restatement, amendment or other modification of the existing Intercreditor Agreement (an "Additional Intercreditor Agreement") with the holders of such Indebtedness (or their duly authorized representatives) on substantially the same terms as the Intercreditor Agreement (or on terms that in the good faith judgment of the Board of Directors of the Parent Guarantor are not materially less favorable to the Holders), including containing substantially the same terms with respect to the application of the proceeds of the Collateral held thereunder and the means of enforcement, it being understood that an

increase in the amount of Indebtedness being subject to the terms of the Intercreditor Agreement or Additional Inter-creditor Agreement shall not be deemed to be less favorable to the Holders and shall be permitted by this Section 4.13(a) if the incurrence of such Indebtedness and any Lien in its favor is permitted Section 4.06 and Section 4.07; *provided* that such Additional Intercreditor Agreement shall not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or the Security Agent, adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent under this Indenture or the Intercreditor Agreement. As used herein, the term "Intercreditor Agreement" shall include references to any Additional Intercreditor Agreement that supplements or replaces the Intercreditor Agreement.

(b) At the written direction of the Parent Guarantor and without the consent of the Holders, the Trustee or the Security Agent or the Intercreditor Agent may from time to time enter into one or more amendments to any Intercreditor Agreement to: (i) cure any ambiguity, omission, defect or inconsistency of any such agreement, (ii) increase the amount or types of Indebtedness covered by any such agreement that may be incurred by the Issuer and the Guarantors that is subject to any such agreement (*provided* that such Indebtedness is incurred in compliance with this Indenture), (iii) add Restricted Subsidiaries to the Intercreditor Agreement, (iv) further secure the Notes (including additional Notes issued in compliance with this Indenture), (v) make provision for equal and ratable pledges of the Collateral to secure additional Notes issued in compliance with this Indenture or to implement any Permitted Collateral Liens or (vi) make any other change to any such agreement that, in the good faith judgment of the Board of Directors of the Parent Guarantor, does not adversely affect the Holders in any material respect. The Parent Guarantor shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted under Article Nine or as permitted by the terms of such Intercreditor Agreement, and the Parent Guarantor may only direct the Trustee or the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or the Security Agent, adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent under this Indenture or any Intercreditor Agreement.

(c) Each Holder, by accepting such Note, shall be deemed to have:

(1) appointed and authorized the Trustee, the Security Agent and the Intercreditor Agent from time to time to give effect to such provisions;

(2) authorized each of the Trustee, the Security Agent and the Intercreditor Agent from time to time to become a party to any additional intercreditor arrangements described above;

(3) agreed to be bound by such provisions and the provisions of any additional intercreditor arrangements described above; and

(4) irrevocably appointed the Trustee, the Security Agent and the Intercreditor Agent to act on its behalf from time to time to enter into and comply with such provisions and the provisions of any additional intercreditor arrangements described above, in each case, without the need for the consent of any Holder of the Notes.

SECTION 4.14. Note Guarantees and Security Interests.

Subject to the Agreed Security Principles, the Issuer shall, and shall cause each Guarantor to, (i) complete all filings and other similar actions required in connection with the creation and perfection of the security interests in the Collateral owned by it in favor of the Holders, the Trustee (on its own behalf and on behalf of the Holders) and/or the Security Agent (on behalf of itself, the Trustee and the Holders), as applicable, as and to the extent contemplated by the Security Documents set forth on Schedule II attached hereto within the time periods set forth therein and deliver, and cause each Guarantor to deliver, such other agreements, instruments, certificates and opinions of counsel that may be reasonably requested by the Security Agent in connection therewith and (ii) take all actions necessary to maintain such security interests. For the avoidance of doubt, a Paying Agent shall be held harmless by the Company and have no liability with respect to payments or disbursements to be made by such Paying Agent for which payment instructions are not made or that are not otherwise deposited by the respective times set forth in this Indenture.

SECTION 4.15. Limitation on Issuance of Guarantees of Indebtedness.

(a) Subject to the Agreed Security Principles, the Intercreditor Agreement and any Additional Inter-creditor Agreement, the Parent Guarantor will not permit any of its Restricted Subsidiaries (other than Immaterial Subsidiaries) that is not the Issuer or a Guarantor to Guarantee, directly or indirectly, the payment of any obligations of the Issuer or a Guarantor under the Revolving Credit Facility (or other Indebtedness that is incurred under Section 4.06(b) (2)) or any other Indebtedness of the Issuer or a Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a Supplemental Indenture providing for the Note Guarantee of the payment of the Notes by such Restricted Subsidiary which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness and with respect to any Guarantee of Indebtedness that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee by such Restricted Subsidiary, any such Guarantee will be subordinated to such Restricted Subsidiary's Note Guarantee at least to the same extent as such subordinated Indebtedness is subordinated to the Notes.

Following the provision of any additional Note Guarantees as described in the immediately preceding paragraph, subject to the Agreed Security Principles, the Intercreditor Agreement and any Additional Intercreditor Agreement (if such security is being granted in respect of the other Indebtedness), any such Guarantor shall accede to the Intercreditor Agreement and provide security over its material assets that are of the same type as any of the Issuer's or the Guarantors' assets that were a part of the Collateral as of the First Escrow Release Date (including Vessels, but excluding any assets of such Guarantor which are subject to a Permitted Lien at the time of the execution of such Supplemental Indenture (to the extent that such Permitted Lien was not created, incurred or assumed in contemplation thereof) if providing such security interest would not be permitted by the terms of such Permitted Lien or by the terms of any obligations secured by such Permitted Lien) to secure its Note Guarantee on a first-priority basis consistent with the Collateral.

This paragraph (a) will not be applicable to any Guarantees of any Restricted Subsidiary:

- (1) existing on the Issue Date;
- (2) that existed at the time such Person became a Restricted Subsidiary if the Guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; or
- (3) arising solely due to granting of a Permitted Lien that would not otherwise constitute a Guarantee of Indebtedness of the Parent Guarantor or any Guarantor.

(b) Notwithstanding the foregoing, the Parent Guarantor shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes or provide security to the extent that such Note Guarantee or the grant of such security by such Restricted Subsidiary would be inconsistent with the Intercreditor Agreement, any Additional Inter-creditor Agreement or the Agreed Security Principles or would reasonably be expected to give rise to or result in (x) any liability for the officers, directors or shareholders of such Restricted Subsidiary, (y) any violation of applicable law that cannot be prevented or otherwise avoided through measures reasonably available to the Parent Guarantor or the Restricted Subsidiary or (z) any significant cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (y) undertaken in connection with, such Note Guarantee which cannot be avoided through measures reasonably available to the Parent Guarantor or the Restricted Subsidiary.

(c) Each additional Note Guarantee will be contractually limited as necessary to recognize certain defenses generally available to guarantors or sureties (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners.

SECTION 4.16. Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

(a) The Parent Guarantor shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to the Parent Guarantor or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Parent Guarantor or any Restricted Subsidiary;
- (2) make loans or advances to the Parent Guarantor or any Restricted Subsidiary; or
- (3) sell, lease or transfer any of its properties or assets to the Parent Guarantor or any Restricted Subsidiary;

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock, (y) the subordination of (including the application of any standstill period to) loans or advances made to the Parent Guarantor or any Restricted Subsidiary to other Indebtedness incurred by the Parent Guarantor or any Restricted Subsidiary and (z) the provisions contained in documentation governing or relating to Indebtedness requiring transactions between or among the Parent Guarantor and any Restricted Subsidiary or between or among any Restricted Subsidiaries to be on fair and reasonable terms or on an arm's-length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

(b) The provisions of Section 4.16(a) above shall not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements or instruments governing or relating to Indebtedness as in effect on the Issue Date (including pursuant to the Revolving Credit Facility and the related documentation) and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, re-fundings, replacements or refinancings are not materially less favorable, taken as a whole, to the Holder with respect to such dividend and other payment restrictions than those contained in those agreements or instruments on the Issue Date (as determined in good faith by the Parent Guarantor);
- (2) this Indenture, the Notes, the Note Guarantees, the Revolving Credit Facility, the Inter-creditor Agreement, any Additional Intercreditor Agreement and the Security Documents;
- (3) agreements or instruments governing other Indebtedness permitted to be incurred under Section 4.06 and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially less favorable, taken as a whole, to the Holder than is customary in comparable financings (as determined in good faith by the Parent Guarantor) and the Parent Guarantor determines at the time of the incurrence of such Indebtedness that such encumbrances or restrictions will not adversely effect, in any material respect, the Parent Guarantor's ability to make principal or interest payments on the Notes;
- (4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;
- (5) any agreement or instrument governing or relating to Indebtedness or Capital Stock of a Person acquired by the Parent Guarantor or any of its Restricted Subsidiaries as in effect at the time of such acquisition (other than any agreement or instrument entered into in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

- (6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;
- (7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature set forth in Section 4.16(a)(3) or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;
- (8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;
- (9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements or instruments governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements or instruments governing the Indebtedness being refinanced;
- (10) Liens permitted to be incurred under Section 4.07 that limit the right of the debtor to dispose of the assets subject to such Liens;
- (11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment) entered into with the approval of the Parent Guarantor's Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements;
- (12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;
- (13) any customary Productive Asset Leases for Vessels and other assets used in the ordinary course of business; *provided* that such encumbrance or restriction only extends to the Vessel or other asset financed in such Productive Asset Lease;
- (14) any encumbrance or restriction existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of this Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person other than such Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary; *provided* that the encumbrances or restrictions are customary for the business of such Unrestricted Subsidiary and would not, at the time agreed to, be expected to affect the ability of the Issuer and the Guarantors to make payments under the Notes and this Indenture;
- (15) customary encumbrances or restrictions contained in agreements in connection with Hedging Obligations permitted under this Indenture; and
- (16) any encumbrance or restriction existing under any agreement that extends, renews, refinances, replaces, amends, modifies, restates or supplements the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (15), or in this clause (16); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced, replaced, amended, modified, restated or supplemented.

SECTION 4.17. Designation of Restricted and Unrestricted Subsidiaries.

(a) The Board of Directors of the Parent Guarantor may designate any Restricted Subsidiary (other than the Issuer) to be an Unrestricted Subsidiary if that designation would not cause a Default.

(b) If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Parent Guarantor and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Section 4.08 or under one or more clauses of the definition of "Permitted Investments," as determined by the Parent Guarantor. The designation of a Restricted Subsidiary as an Unrestricted Subsidiary will only be permitted if the deemed Investment resulting from such designation would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

(c) The Parent Guarantor may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

(d) Any designation of a Subsidiary of the Parent Guarantor as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.08. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.06, the Parent Guarantor will be in default of such Section 4.06. The Board of Directors of the Parent Guarantor may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (i) such Indebtedness is permitted under Section 4.06, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (ii) no Default or Event of Default would be in existence following such designation.

SECTION 4.18. Payment of Taxes and Other Claims. The Parent Guarantor shall pay or discharge and shall cause each of its Subsidiaries to pay or discharge, or cause to be paid or discharged, before the same shall become delinquent (a) all material taxes, assessments and governmental charges levied or imposed upon (i) the Parent Guarantor or any such Subsidiary, (ii) the income or profits of any such Subsidiary which is a corporation or (iii) the property of the Parent Guarantor or any such Subsidiary and (b) all material lawful claims for labor, materials and supplies that, if unpaid, might by law become a lien upon the property of the Parent Guarantor or any such Subsidiary; *provided* that the Parent Guarantor shall not be required to pay or discharge, or cause to be paid or discharged, any such tax, assessment, charge or claim, the amount, applicability or validity of which is being contested in good faith by appropriate proceedings or for which adequate reserves have been established.

SECTION 4.19. Reports to Holders. So long as any Notes are outstanding, the Parent Guarantor shall furnish to the Trustee:

(a) within 90 days (or, in the case of the fiscal year ending December 31, 2016, 120 days) after the end of the Parent Guarantor's fiscal year beginning with the fiscal year ending December 31, 2016, annual reports containing the following information: (a) audited consolidated balance sheet of the Parent Guarantor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Parent Guarantor for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Parent Guarantor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below) (*provided* that such *pro forma* financial information shall be provided only to the extent available without unreasonable expense); (c) a management's discussion and analysis of the audited financial statements,

including a discussion of the results of operations (including a discussion by business segment), financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies with a level of detail that is substantially consistent and similar in scope to the Offering Memorandum with such changes as are necessary or appropriate to reflect such changes to the business and operations of the Parent Guarantor since the date of the Offering Memorandum; (d) a description of the business, management and shareholders of the Parent Guarantor, material affiliate transactions and material debt instruments; and (e) material risk factors and material recent developments; *provided* that any item of disclosure that complies in all material respects with the requirements applicable under Form 20-F under the Exchange Act for annual reports with respect to such item will be deemed to satisfy the Parent Guarantor's obligations under this clause (1) with respect to such item;

(b) within (i) 60 days following the end of each of the first and third fiscal quarters in each fiscal year of the Parent Guarantor and (ii) 75 days following the end of each second fiscal quarter in each fiscal year of the Parent Guarantor, beginning with the fiscal quarter ending September 30, 2015, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods (which may be presented on a *pro forma* basis) for the Parent Guarantor, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information of the Parent Guarantor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates (unless such *pro forma* information has been provided in a previous report pursuant to sub-clause (a) or (c) of this clause (2); *provided* that such *pro forma* financial information shall be provided only to the extent available without unreasonable expense); (c) a management's discussion and analysis of the unaudited financial statements, including a discussion of the consolidated financial condition and results of operations of the Parent Guarantor and any material change between the current quarterly period and the corresponding period of the prior year; and (d) material recent developments; and

(c) promptly after the occurrence of any material acquisition, disposition or restructuring of the Parent Guarantor and the Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Parent Guarantor or change in auditors of the Parent Guarantor or any other material event that the Parent Guarantor announces publicly, a report containing a description of such event.

Contemporaneously with the furnishing of each such report discussed above, the Parent Guarantor will post such report to its website or on IntraLinks or any comparable password-protected online data system, which will require a confidentiality acknowledgement (but not restrict the recipients of such information in trading of securities of the Parent Guarantor or its Affiliates).

Within ten Business Days of the furnishing of each such report discussed above, the Parent Guarantor will hold a conference call related to the report. Details regarding access to such conference call will be posted at least 24 hours prior to the commencement of such call on the website, IntraLinks or other online data system on which the report is posted.

The annual report required by the preceding paragraph will include a presentation either on the face of the financial statements or in footnotes thereto of the assets and liabilities and operating results of the Guarantors separate from the assets and liabilities and operating results of the non-Guarantor Subsidiaries. In addition, if the Parent Guarantor has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Parent Guarantor and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Parent Guarantor.

All financial statements shall be prepared in accordance with IFRS, except for any departures from IFRS requirements consistent with industry practice, as determined in good faith by the Board of Directors of the Parent Guarantor. Except as provided in the preceding sentence, all financial statements shall be prepared in accordance with IFRS on a consistent basis for the periods presented; *provided, however*, that the reports set forth in clauses (1),

(2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods, subject to the provisions of this Indenture. Except as provided for above, no report need include separate financial statements for the Parent Guarantor or Subsidiaries of the Parent Guarantor or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Memorandum.

In addition, for so long as any Notes remain outstanding, the Parent Guarantor has agreed that it will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Trustee shall have no duty to examine any of such reports, information or documents to ascertain whether they contain the information and otherwise comply with the foregoing; the sole duty of the Trustee in respect of same being to file the same and make them available to Holders during normal business hours upon reasonable prior written request. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Parent Guarantor's compliance with any of its covenants under this Indenture (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

SECTION 4.20. Further Assurances. Subject to the Agreed Security Principles, the Parent Guarantor and its Restricted Subsidiaries will, at their own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any of the Security Documents in any required register and for granting, perfecting, preserving or protecting the security intended to be afforded by such Security Documents and (ii) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. Subject to the Agreed Security Principles, the Parent Guarantor and its Restricted Subsidiaries will execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

SECTION 4.21. [Reserved].

SECTION 4.22. Impairment of Security Interest. The Parent Guarantor shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action, which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Security Agent, the Trustee and the holders of the Notes, and the Parent Guarantor shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of itself, the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, any Lien over any of the Collateral that is prohibited by Section 4.07; *provided* that the Parent Guarantor and its Restricted Subsidiaries may incur any Lien over any of the Collateral that is not prohibited by Section 4.07, including Permitted Collateral Liens, and the Collateral may be discharged or released in accordance with this Indenture, the applicable Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement.

Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated or otherwise modified or released to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; or (iv) make any other change thereto that does not adversely affect the holders of the Notes in any material respect; *provided, however*, that (except where permitted by this Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement or to effect or facilitate the creation of Permitted Collateral Liens for the benefit of the Security Agent and holders of other Indebtedness incurred in accordance with this Indenture) no Security Document may be amended, extended, renewed, restated or otherwise modified or released, unless contemporaneously with such amendment, extension, renewal, restatement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Parent Guarantor delivers to the Security Agent and the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent and the Trustee, from an accounting, appraisal or investment banking firm of international standing which confirms the solvency of the Parent Guarantor and its Subsidiaries, taken as a

whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification or release, (2) a certificate from an Officer of the relevant Person which confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) or (3) an Opinion of Counsel (subject to any qualifications customary for this type of opinion of counsel), in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, modified or released and retaken, are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, modification or release and retake and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject. In the event that the Parent Guarantor and its Restricted Subsidiaries comply with the requirements of this Section 4.22, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders of the Notes.

SECTION 4.23. After-Acquired Property. Promptly following the acquisition by the Issuer or any Guarantor of any After-Acquired Property (but subject to the Agreed Security Principles, the Intercreditor Agreement and any Additional Intercreditor Agreement), the Issuer or such Guarantor shall execute and deliver such mortgages, deeds of trust, security instruments, financing statements and certificates and opinions of counsel as shall be reasonably necessary to vest in the Security Agent a perfected security interest in such After-Acquired Property and to have such After-Acquired Property added to the Collateral and thereupon all provisions of this Indenture relating to the Collateral shall be deemed to relate to such After-Acquired Property to the same extent and with the same force and effect.

SECTION 4.24. Limitation on Sale and Leaseback Transactions. The Parent Guarantor shall not, and shall not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction (including any French Tax Lease); *provided* that the Parent Guarantor or any Restricted Subsidiary may enter into a sale and leaseback transaction (including any French Tax Lease) if:

- (1) (a) the Parent Guarantor or such Restricted Subsidiary, as applicable, could have incurred Indebtedness in an amount equal to the Attributable Debt or Capital Lease Obligation relating to such sale and leaseback transaction under Section 4.06; and (b) the Parent Guarantor or such Restricted Subsidiary, as applicable, could have incurred a Lien to secure such Indebtedness pursuant to Section 4.07;
- (2) other than with respect to any French Tax Lease, the gross cash proceeds of that sale and leaseback transaction are at least equal to the Fair Market Value of the property that is the subject of that sale and leaseback transaction; and
- (3) the transfer of assets in that sale and leaseback transaction is permitted by, and the Parent Guarantor applies the proceeds of such transaction in compliance with, Section 4.09.

SECTION 4.25. Payments for Consent. The Parent Guarantor shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of this Indenture, the Notes, the Intercreditor Agreement or any Additional Intercreditor Agreement unless such consideration is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Parent Guarantor and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of this Indenture, the Notes, the Intercreditor Agreement or any Additional Intercreditor Agreement, to exclude Holders in any jurisdiction where (A)(i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require the Parent Guarantor or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws, the laws of the Commonwealth of The Bahamas and the laws of the European Union or its member states), which the Parent Guarantor in its

sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

SECTION 4.26. Maintenance of Listing. The Parent Guarantor shall use its commercially reasonable efforts to (i) obtain the listing of the Notes on the Official List of the Channel Islands Securities Exchange Authority Limited as promptly as possible after the Issue Date and (ii) maintain such listing for so long as such Notes are outstanding; *provided* that if the Parent Guarantor is unable to obtain or if at any time the Parent Guarantor determines that it will not maintain such listing, the Parent Guarantor shall promptly obtain a listing of the Notes on another recognized stock exchange and thereafter the Parent Guarantor shall maintain such listing.

SECTION 4.27. Business Activities. The Parent Guarantor shall not, and shall not permit any of its Restricted Subsidiaries to, engage in any business other than a Permitted Business, except to such extent as would not be material to the Parent Guarantor and its Subsidiaries taken as a whole.

SECTION 4.28. Re-flagging of Vessels. Notwithstanding anything to the contrary herein, a Restricted Subsidiary may reconstitute itself in another jurisdiction, or merge with or into another Restricted Subsidiary, for the purpose of re-flagging a vessel that it owns or bareboat charters so long as at all times each Restricted Subsidiary remains organized under the laws of any country recognized by the United States of America with an investment grade credit rating from either S&P or Moody's or any Permitted Jurisdiction; *provided* that contemporaneously with the transactions required to complete the re-flagging of such vessel, to the extent that any Liens on the Collateral securing the Notes were released as provided for under Section 11.04, (x) the Issuer, the Parent Guarantor or the relevant Restricted Subsidiary grants a Lien of at least equivalent ranking over the same assets and (y) the Parent Guarantor delivers to the Security Agent and the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent and the Trustee, from an independent financial advisor or appraiser or investment bank which confirms the solvency of the Parent Guarantor and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such re-flagging, (2) a certificate from an Officer of the relevant Person which confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such re-flagging, or (3) an Opinion of Counsel (subject to any qualifications customary for this type of opinion of counsel), in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such re-flagging, the Lien or Liens created under the Security Document, so released and retaken are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such release and retake. For the avoidance of doubt, the provisions of Article Five will not apply to a reconstitution or merger permitted under this Section 4.28.

ARTICLE FIVE MERGER, CONSOLIDATION OR SALE OF ASSETS

SECTION 5.01. Merger, Consolidation or Sale of Assets.

(a) Neither the Parent Guarantor nor the Issuer will, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Parent Guarantor or the Issuer (as applicable) is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Parent Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Parent Guarantor or the Issuer (as applicable) is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Parent Guarantor or the Issuer (as applicable)) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union as in effect on December 31, 2003, Bermuda, the Commonwealth of The Bahamas, Switzerland, Canada, any state of the United States or the District of Columbia (the "Surviving Entity");

(2) the Person formed by or surviving any such consolidation or merger (if other than the Parent Guarantor or the Issuer (as applicable)) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition has been made assumes (a) by a Supplemental Indenture entered into with the Trustee, all the obligations of the Parent Guarantor or the Issuer (as applicable) under the Notes and this Indenture (including the Parent Guarantor's Note Guarantee, if applicable) and (b) all obligations of the Parent Guarantor or the Issuer (as applicable) under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, subject to the Agreed Security Principles;

(3) immediately after such transaction, no Default or Event of Default is continuing;

(4) the Parent Guarantor or the Issuer (as applicable) or the Person formed by or surviving any such consolidation or merger (if other than the Parent Guarantor or the Issuer (as applicable)), or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.06(a); and

(5) the Parent Guarantor delivers to the Trustee an Officer's Certificate and Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and, in the case in which a Supplemental Indenture is entered into, such Supplemental Indenture, comply with this Section 5.01 and that all conditions precedent provided for in this Indenture relating to such transaction have been complied with.

Clauses (3) and (4) of this Section 5.01(a) shall not apply to any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets to or merger or consolidation of the Parent Guarantor or the Issuer (as applicable) with or into a Guarantor and clause (4) of this Section 5.01(a) will not apply to any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets to or merger or consolidation of the Parent Guarantor or the Issuer (as applicable) with or into an Affiliate solely for the purpose of reincorporating the Parent Guarantor or the Issuer (as applicable) in another jurisdiction for tax reasons.

(b) A Subsidiary Guarantor (other than a Subsidiary Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee, this Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement as provided in Section 10.03) will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Subsidiary Guarantor is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default is continuing;

(2) either:

(a) the person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Subsidiary Guarantor under its Note Guarantee and this Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which such Subsidiary Guarantor is a party, pursuant to a Supplemental Indenture; or

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of this Indenture; and

(3) the Parent Guarantor delivers to the Trustee an Officer's Certificate and Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and, in the case in which a Supplemental

Indenture is entered into, such Supplemental Indenture, comply with this Section 5.01 and that all conditions precedent provided for in this Indenture relating to such transaction have been complied with.

(c) Notwithstanding the provisions of paragraph (b) above, (x)(a) any Restricted Subsidiary may consolidate or merge with or into or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties and assets to any Guarantor and (b) any Guarantor may consolidate or merge with or into or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties and assets of such Guarantor and its Subsidiaries which are Restricted Subsidiaries to another Guarantor and (y) any Guarantor may consolidate or merge with or into an Affiliate incorporated or organized for the purpose of changing the legal domicile of such Guarantor, reincorporating such Guarantor in another jurisdiction or changing the legal form of such Guarantor.

SECTION 5.02. Successor Substituted. Upon any consolidation or merger, or any sale, conveyance, transfer, lease or other disposition of all or substantially all of the property and assets of the Parent Guarantor in accordance with Section 5.01 of this Indenture, any Surviving Entity formed by such consolidation or into which the Parent Guarantor is merged or to which such sale, conveyance, transfer, lease or other disposition is made, shall succeed to, and be substituted for, and may exercise every right and power of, the Parent Guarantor under this Indenture with the same effect as if such Surviving Entity had been named as the Parent Guarantor herein; *provided* that the Parent Guarantor shall not be released from its obligation to pay the principal of, premium, if any, or interest and Additional Amounts, if any, on the Notes in the case of a lease of all or substantially all of its property and assets.

ARTICLE SIX DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default.

(a) Each of the following shall be an "Event of Default":

- (1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;
- (2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;
- (3) failure by the Issuer or relevant Guarantor to comply with Section 4.11 or Section 5.01;
- (4) failure by the Issuer or relevant Guarantor for 60 days after written notice to the Parent Guarantor by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in this Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clause (1), (2) or (3) above);
- (5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Parent Guarantor or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Parent Guarantor or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

(a) is caused by a failure to pay principal of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default; or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness that is due and has not been paid, together with the principal amount of any other such Indebtedness that is due and has not been paid or the maturity of which has been so accelerated, aggregates \$25.0 million or more;

(6) failure by the Issuer, the Parent Guarantor or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of \$25.0 million (exclusive of any amounts for which a solvent insurance company has acknowledged liability), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) any security interest under the Security Documents on any Collateral having a Fair Market Value in excess of \$5.0 million shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional In-tercreditor Agreement and this Indenture) for any reason other than the satisfaction in full of all obligations under this Indenture or the release or amendment of any such security interest in accordance with the terms of this Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable in a final non-appealable decision of a court of competent jurisdiction or the Parent Guarantor shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for ten

(10) days;

(8) except as permitted by this Indenture (including with respect to any limitations), any Note Guarantee of a Significant Subsidiary or any group of the Parent Guarantor's Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor which is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor, denies or disaffirms its obligations under its Note Guarantee and such Default continues for 30 days; or

(9) (A) a court having jurisdiction over the Parent Guarantor or a Significant Subsidiary enters (x) a decree or order for relief in respect of the Parent Guarantor or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary in an involuntary case or proceeding under any Bankruptcy Law or (y) a decree or order adjudging the Parent Guarantor or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Parent Guarantor or any such Subsidiary or group of Restricted Subsidiaries under any Bankruptcy Law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Parent Guarantor or any such Subsidiary or group of Restricted Subsidiaries or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days or (B) the Parent Guarantor or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary (i) commences a voluntary case under any Bankruptcy Law or consents to the entry of an order for relief in an involuntary case under any Bankruptcy Law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any such Subsidiary or group of Restricted Subsidiaries or for all or substantially all the property and assets of the Parent Guarantor or any such Subsidiary or group of Restricted Subsidiaries, (iii) effects any general assignment for the benefit of creditors or (iv) generally is not paying its debts as they become due.

(b) If a Default or an Event of Default occurs and is continuing and is known to a responsible officer of the Trustee, the Trustee shall mail to each Holder notice of the Default or Event of Default within 15 Business Days after its occurrence by registered or certified mail or facsimile transmission of an Officer's Certificate specifying

such event, notice or other action, its status and what action the Issuer is taking or proposes to take with respect thereto. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, and Additional Amounts or interest on any Notes, the Trustee may withhold the notice to the Holders of such Notes if a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of the Holders. The Trustee shall not be deemed to have knowledge of a Default unless a Trust Officer has actual knowledge of such Default. The Issuer and the Parent Guarantor shall also notify the Trustee within 15 Business Days of the occurrence of any Default stating what action, if any, they are taking with respect to that Default.

SECTION 6.02. Acceleration.

(a) If an Event of Default (other than an Event of Default specified in Section 6.01(a)(9)) occurs and is continuing, the Trustee may, or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes by written notice to the Issuer and the Parent Guarantor (and to the Trustee if such notice is given by the Holders) may and the Trustee shall, if so directed by the Holders of at least 25% in aggregate principal amount of the then outstanding Notes, declare all the Notes to be due and payable immediately. In the event a declaration of acceleration of the Notes pursuant to Section 6.01(a)(5) has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to Section 6.01(a)(5) shall be remedied or cured, or waived by the Holders of the relevant Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction.

(b) In the case of an Event of Default arising under Section 6.01(a)(9), with respect to the Parent Guarantor, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice.

(c) The holders of not less than a majority in aggregate principal amount of the Notes outstanding by notice to the Trustee may, on behalf of the holders of all outstanding Notes, rescind acceleration or waive any existing Default or Event of Default and its consequences under this Indenture, except a continuing Default or Event of Default

(1) in the payment of the principal of, premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected), or

(2) for any Note held by a non-consenting holder, in respect of a covenant or provision which under this Indenture cannot be modified or amended without the consent of the Holder of each Note affected by such modification or amendment.

Upon any such rescission or waiver, such Default shall cease to exist and any Event of Default arising therefrom shall be deemed to have been cured for every purpose under this Indenture, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

(d) Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or in its exercise of any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with applicable law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of other holders of the Notes (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any such directions are unduly prejudicial to such Holders) or that may involve the Trustee in personal liability. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

(e) Subject to the provisions of Article Seven, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. Except (subject to the provisions of Article Nine) to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no Holder of a Note may pursue any remedy with respect to this Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holders have offered, and if requested, provide to the Trustee reasonable security or indemnity against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and
- (5) Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

(f) The Parent Guarantor shall deliver to the Trustee annually a statement regarding compliance with this Indenture. Within 30 days of the occurrence of any Default or Event of Default, the Parent Guarantor is required to deliver to the Trustee a statement specifying such Default or Event of Default.

SECTION 6.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy. Subject to the Intercreditor Agreement or any Additional Intercreditor Agreement, the Trustee may direct the Security Agent to take enforcement action with respect to the Collateral if any amount is declared or becomes due and payable pursuant to Section 6.02 (but not otherwise).

All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee, and all rights of action and claims under the Security Documents may be prosecuted or enforced under the Security Documents by the Security Agent (in consultation with the Trustee, where appropriate), without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee or the Security Agent shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee or the Security Agent, their agents and counsel, be for the ratable benefit of the Holders in respect of which such judgment has been recovered.

SECTION 6.04. Waiver of Past Defaults. The Holders of not less than a majority in aggregate principal amount of the outstanding Notes may, by written notice to the Trustee, on behalf of the Holders of all the Notes, waive any past Default hereunder and its consequences, except a Default:

- (a) in the payment of the principal of, premium, if any, Additional Amounts, if any, or interest on any Note; or
- (b) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the holders of each Note affected by such modification or amendment.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

SECTION 6.05. Control by Majority. The Holders of a majority in aggregate principal amount of the Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee under this Indenture; *provided that*:

- (a) the Trustee may refuse to follow any direction that conflicts with law, this Indenture or that the Trustee determines, without obligation, in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction;
- (b) the Trustee may refuse to follow any direction that the Trustee determines is unduly prejudicial to the rights of other Holders or would involve the Trustee in personal liability; and
- (c) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

SECTION 6.06. Limitation on Suits. A Holder may not institute any proceedings or pursue any remedy with respect to this Indenture or the Notes unless:

- (a) the Holders of at least 25% in aggregate principal amount of outstanding Notes shall have made a written request to the Trustee to pursue such remedy;
- (b) such Holder or Holders offer the Trustee indemnity and/or security (including by way of pre-funding) reasonably satisfactory to the Trustee against any costs, liability or expense;
- (c) the Trustee does not comply with the request within 30 days after receipt of the request and the offer of indemnity and/or security (including by way of pre-funding); and
- (d) during such 30-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

The limitations in the foregoing provisions of this Section 6.06, however, do not apply to a suit instituted by a Holder for the enforcement of the payment of the principal of, premium, if any, Additional Amounts, if any, or interest, if any, on such Note on or after the respective due dates expressed in such Note.

A Holder may not use this Indenture to prejudice the rights of any other Holder or to obtain a preference or priority over another Holder.

SECTION 6.07. Unconditional Right of Holders to Bring Suit for Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to bring suit for the enforcement of payment of principal, premium, if any, Additional Amounts, if any, and interest, if any, on the Notes held by such Holder, on or after the respective due dates expressed in the Notes shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. Collection Suit by Trustee. The Issuer covenants that if default is made in the payment of:

- (a) any installment of interest on any Note when such interest becomes due and payable and such default continues for a period of 30 days, or
- (b) the principal of (or premium, if any, on) any Note at the Stated Maturity thereof,

the Issuer shall, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of such Notes, the whole amount then due and payable on such Notes for principal (and premium, if any), Additional Amounts, if any

and interest, and interest on any overdue principal (and premium, if any) and Additional Amounts, if any and, to the extent that payment of such interest shall be legally enforceable, upon any overdue installment of interest, at the rate borne by the Notes, and, in addition thereto, such further amount as shall be sufficient to cover the amounts provided for in Section 7.05 and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Issuer fails to pay such amounts forthwith upon such demand, the Trustee, in its own name as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Issuer or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Issuer or any other obligor upon the Notes, wherever situated.

SECTION 6.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the properly incurred compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.05) and the Holders allowed in any judicial proceedings relative to any of the Issuer or Guarantors, their creditors or their property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders at their direction in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the properly incurred compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.05. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due to the Trustee under Section 7.05 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money securities and other properties which the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Nothing herein contained shall be deemed to empower the Trustee to authorize or consent to, or accept or adopt on behalf of any Holder, any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10. Application of Money Collected. If the Trustee collects any money or property pursuant to this Article Six, it shall pay out the money or property in the following order:

FIRST: to the Trustee, any Agent, and the Security Agent for amounts due under Section 7.05;

SECOND: to Holders for amounts due and unpaid on the Notes for principal of, premium, if any, interest, if any, and Additional Amounts, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, interest, if any, and Additional Amounts, if any, respectively; and

THIRD: to the Issuer, any Guarantor or any other obligors of the Notes, as their interests may appear, or as a court of competent jurisdiction may direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10. At least 30 days before such record date, the Issuer shall mail to each Holder and the Trustee a notice that states the record date, the payment date and amount to be paid. This Section 6.10 is subject at all times to the provisions set forth in Section 11.02.

Notwithstanding the foregoing, the Security Agent shall apply the proceeds of the Collateral as directed by the Intercreditor Agreement or any Additional Intercreditor Agreement.

SECTION 6.11. Undertaking for Costs. A court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee or the Security Agent for any action taken or omitted by it as Trustee or as the Security Agent, the filing by any party litigant in the suit of an undertaking to pay the costs of such suit, and such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee or the Security Agent, a suit by Holders of more than 10% in aggregate principal amount of the outstanding Notes or to any suit by any Holder pursuant to Section 6.07.

SECTION 6.12. Restoration of Rights and Remedies. If the Trustee or the Security Agent or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or the Security Agent or to such Holder, then and in every such case, subject to any determination in such proceeding, the Issuer, any Guarantor, the Trustee, the Security Agent and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee, the Security Agent and the Holders shall continue as though no such proceeding had been instituted.

SECTION 6.13. Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 2.07, no right or remedy herein conferred upon or reserved to the Trustee, or the Security Agent or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 6.14. Delay or Omission Not Waiver. No delay or omission of the Trustee, or the Security Agent or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article Six or by law to the Trustee, or the Security Agent or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 6.15. Record Date. The Issuer may set a record date for purposes of determining the identity of Holders entitled to vote or to consent to any action by vote or consent authorized or permitted by Sections 6.04 and 6.05. Unless this Indenture provides otherwise, such record date shall be the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee pursuant to Section 2.05 prior to such solicitation.

SECTION 6.16. Waiver of Stay or Extension Laws. Each Issuer covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it shall not hinder, delay or impede the execution of any power herein granted to the Trustee or to the Security Agent, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SEVEN TRUSTEE AND SECURITY AGENT

SECTION 7.01. Duties of Trustee and the Security Agent.

(a) If an Event of Default has occurred and is continuing of which a Trust Officer of the Trustee or the Security Agent has actual knowledge, the Trustee or the Security Agent shall exercise such of the rights and powers vested in it by this Indenture, the Intercreditor Agreement, and any Additional Intercreditor Agreement and the Security Documents and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Subject to the provisions of Section 7.01(a), (i) the Trustee and the Security Agent undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents and no others and no implied covenants or obligations shall be read into this Indenture against the Trustee and the Security Agent; and (ii) in the absence of bad faith on its part, the Trustee and the Security Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and the Security Agent and conforming to the requirements of this Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents. In the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Trustee or the Security Agent, the Trustee and the Security Agent, as applicable, shall examine same to determine whether they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Security Agent shall execute and deliver, if necessary, and act as beneficiary under, the Security Documents on behalf of the Holders under this Indenture and shall take such other actions as may be necessary or advisable in accordance with the Security Documents. The Security Agent shall remit any proceeds recovered from enforcement of the Security Documents; *provided* that all necessary approvals are obtained from each relevant jurisdiction in which the Collateral is located.

(d) Neither the Trustee nor the Security Agent shall be relieved from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(ii) the Trustee and the Security Agent shall not be liable for any error of judgment made in good faith by a Trust Officer of the Trustee or the Security Agent unless it is proved that the Trustee or the Security Agent was grossly negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.02 or 6.05;

(e) The Trustee, any Paying Agent and the Security Agent shall not be liable for interest on any money received by it except as the Trustee, any Paying Agent and the Security Agent may agree in writing with the Issuer or the Subsidiary Guarantors. Money held by the Trustee, the Principal Paying Agent or the Security Agent need not be segregated from other funds except to the extent required by law and, for the avoidance of doubt, shall not be held in accordance with the UK Client Money Rules;

(f) No provision of this Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents shall require the Trustee, each Agent, the Principal Paying Agent or the Security Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not assured to it; and

(g) Any provisions hereof or of the Intercreditor Agreement, any Additional Intercreditor Agreement or of the Security Documents relating to the conduct or affecting the liability of or affording protection to the Trustee, each Agent, or the Security Agent, as the case may be, shall be subject to the provisions of this Section 7.01.

SECTION 7.02. Certain Rights of Trustee and the Security Agent.

(a) Subject to Section 7.01:

(i) following the occurrence of a Default or an Event of Default, the Trustee is entitled to require all Agents to act under its direction;

(ii) the Trustee and the Security Agent may rely conclusively, and shall be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request,

direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper person;

(iii) before the Trustee or the Security Agent act or refrain from acting, they may require an Officer's Certificate or an Opinion of Counsel or both, which shall conform to Section 12.04. Neither the Trustee nor the Security Agent shall be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion and such certificate or opinion will be equal to complete authorization;

(iv) the Trustee and the Security Agent may act through their attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care by them hereunder;

(v) neither the Trustee nor the Security Agent shall be under any obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee and the Security Agent security and/or indemnity (including by way of pre-funding) satisfactory to them against the costs, expenses and liabilities that might be incurred by them in compliance with such request or direction;

(vi) unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer will be sufficient if signed by an officer of such Issuer;

(vii) neither the Trustee nor the Security Agent shall be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers;

(viii) whenever, in the administration of this Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, the Trustee and the Security Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee and the Security Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(ix) neither the Trustee nor the Security Agent shall be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee and the Security Agent, in their discretion, individually, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee or the Security Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer personally or by agent or attorney;

(x) neither the Trustee nor the Security Agent shall be required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture;

(xi) in the event the Trustee or the Security Agent receives inconsistent or conflicting requests and indemnity from two or more groups of Holders, each representing less than a majority in aggregate principal amount of the Notes then outstanding, pursuant to the provisions of this Indenture, the Trustee and the Security Agent, in their discretion, may determine what action, if any, will be taken and shall incur no liability for their failure to act until such inconsistency or conflict is, in their reasonable opinion, resolved;

(xii) the permissive rights of the Trustee and the Security Agent to take the actions permitted by this Indenture will not be construed as an obligation or duty to do so;

(xiii) delivery of reports, information and documents to the Trustee under Section 4.19 is for informational purposes only and the Trustee's receipt of the foregoing will not constitute actual or constructive notice of any information contained therein or determinable from information contained therein,

including the Parent Guarantor's or any of its Restricted Subsidiary's compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates);

(xiv) the rights, privileges, protections, immunities and benefits given to each of the Trustee and the Security Agent in this Indenture, including, without limitation, its rights to be indemnified and compensated, are extended to, and will be enforceable by, the Trustee and the Security Agent in each of their capacities hereunder, by the Registrar, the Agents, and each agent, custodian and other Person employed to act hereunder;

(xv) the Trustee and the Security Agent may consult with counsel or other professional advisors and the advice of such counsel or professional advisor or any Opinion of Counsel will, subject to Section 7.01(c), be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(xvi) the Trustee and the Security Agent shall have no duty to inquire as to the performance of the covenants of the Parent Guarantor and/or its Restricted Subsidiaries in Article Four hereof;

(xvii) the Trustee and the Security Agent shall not have any obligation or duty to monitor, determine or inquire as to compliance, and shall not be responsible or liable for compliance with restrictions on transfer, exchange, redemption, purchase or repurchase, as applicable, of minimum denominations imposed under this Indenture or under applicable law or regulation with respect to any transfer, exchange, redemption, purchase or repurchase, as applicable, of any interest in any Notes, but may at its sole discretion, choose to do so;

(xviii) in no event shall the Trustee or the Security Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of, or caused by, directly or indirectly, forces beyond its control, including, without limitation, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God; it being understood that the Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances; and

(xix) neither the Trustee nor the Security Agent shall under any circumstance be liable for any indirect or consequential loss, special or punitive damages (including loss of business, goodwill or reputation, opportunity or profit of any kind) of the Issuer, any Guarantor or any Restricted Subsidiary even if advised of it in advance and even if foreseeable.

(b) The Trustee and the Security Agent may request that the Issuer deliver an Officer's Certificate setting forth the names of the individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(c) The Security Agent shall accept without investigation, requisition or objection such right and title as the Issuer and any Guarantor may have to any of the Collateral and shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer or any Guarantor to the Collateral or any part thereof whether such defect or failure was known to the Security Agent or might have been discovered upon examination or enquiry and whether capable of remedy or not and shall have no responsibility for the validity, value or sufficiency of the Collateral.

(d) Without prejudice to the provisions hereof, the Security Agent shall not be under any obligation to insure any of the Collateral or any certificate, note, bond or other evidence in respect thereof, or to require any other person to maintain any such insurance and shall not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Collateral being uninsured or inadequately insured.

(e) The Security Agent shall not be responsible for any loss, expense or liability occasioned to the Collateral, howsoever caused, by the Security Agent or by any act or omission on the part of any other person (including any bank, broker, depository, warehouseman or other intermediary or by any clearing system or other operator thereof), or otherwise, unless such loss is occasioned by the willful misconduct or fraud of the Security Agent.

(f) Beyond the exercise of reasonable care in the custody thereof, the Security Agent shall have no duty or liability as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Security Agent shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The Security Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Security Agent in good faith.

(g) Neither the Trustee nor the Security Agent is required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture or the Notes.

(h) Neither the Trustee nor the Security Agent will be liable to any person if prevented or delayed in performing any of its obligations or discretionary functions under this Indenture by reason of any present or future law applicable to it, by any governmental or regulatory authority or by any circumstances beyond its control.

(i) No provision of this Indenture shall require the Trustee or the Security Agent to do anything which, in its opinion, may be illegal or contrary to applicable law or regulation.

(j) The Trustee and the Security Agent may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion, based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction or, to the extent applicable, the State of New York and may without liability (other than in respect of actions constituting willful misconduct or gross negligence) do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

(k) Both the Trustee and the Security Agent may assume without inquiry in the absence of actual knowledge that the Issuer is duly complying with its obligations contained in this Indenture required to be performed and observed by it, and that no Default or Event of Default or other event which would require repayment of the Notes has occurred.

(l) At any time that the security granted pursuant to the Security Documents has become enforceable and the Holders have given a direction to the Trustee to enforce such security, the Trustee is not required to give any direction to the Security Agent with respect thereto unless it has been indemnified and/or secured to its satisfaction in accordance with this Indenture. In any event, in connection with any enforcement of such security, the Trustee is not responsible for:

- (i) any failure of the Security Agent to enforce such security within a reasonable time or at all;
- (ii) any failure of the Security Agent to pay over the proceeds of enforcement of the security;
- (iii) any failure of the Security Agent to realize such security for the best price obtainable;
- (iv) monitoring the activities of the Security Agent in relation to such enforcement;
- (v) taking any enforcement action itself in relation to such security;

- (vi) agreeing to any proposed course of action by the Security Agent which could result in the Trustee incurring any liability for its own account; or
- (vii) paying any fees, costs or expenses of the Security Agent.

SECTION 7.03. Individual Rights of Trustee and the Security Agent. The Trustee, the Security Agent, any Transfer Agent, any Paying Agent, any Registrar or any other agent of the Issuer or of the Trustee or Security Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and, may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, the Security Agent, Paying Agent, Transfer Agent, Registrar or such other agent. The Trustee and the Security Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Issuer or any of its Affiliates or Subsidiaries as if it were not performing the duties specified herein, in the Intercreditor Agreement, any Additional Inter-creditor Agreement and in the Security Documents, and may accept fees and other consideration from the Issuer for services in connection with this Indenture and otherwise without having to account for the same to the Trustee, the Security Agent or to the Holders from time to time.

SECTION 7.04. Disclaimer of Trustee and Security Agent. The recitals contained herein and in the Notes, except for the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee and the Security Agent make no representations as to the validity or sufficiency of this Indenture, the Intercreditor Agreement, the Notes or the Security Documents. The Trustee and the Security Agent shall not be accountable for the Issuer's use of the proceeds from the Notes or any money paid to the Issuer or upon the Issuer's direction under any provision of this Indenture nor shall it be responsible for the use or application of any money received by any Paying Agent other than the Trustee and the Security Agent and they will not be responsible for any statement or recital herein or any statement on the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture or the Intercreditor Agreement other than the Trustee's certificate of authentication. The Security Agent shall not, nor shall any receiver appointed by or any agent of the Security Agent, by reason of taking possession of any Collateral or any part thereof or any other reason or on any basis whatsoever, be liable to account for anything except actual receipts or be liable for any loss or damage arising from a realization of the Collateral or any part thereof or from any act, default or omission in relation to the Collateral or any part thereof or from any exercise or non-exercise by it of any power, authority or discretion conferred upon it in relation to the Collateral or any part thereof unless such loss or damage shall be caused by its own fraud or gross negligence. The Security Agent shall not have any responsibility or liability arising from the fact that the Collateral may be held in safe custody by a custodian. The Security Agent assumes no responsibility for the validity, sufficiency or enforceability (which the Security Agent has not investigated) of the Collateral purported to be created by any Supplemental Indenture or other document. In addition, the Security Agent has no duty to monitor the performance by the Issuer and the Guarantors of their obligations to the Security Agent nor is it obliged (unless indemnified and/or secured (including by way of prefunding to its satisfaction) to take any other action which may involve the Security Agent in any personal liability or expense).

SECTION 7.05. Compensation and Indemnity. The Issuer, failing which the Guarantors, shall pay to the Trustee and the Security Agent such compensation as shall be agreed in writing for their services hereunder. The Trustee's and the Security Agent's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer, failing which the Guarantors, shall reimburse the Trustee and the Security Agent promptly upon request for all properly incurred disbursements, advances or expenses incurred or made by them, including costs of collection, in addition to the compensation for their services. Such expenses shall include the properly incurred compensation, disbursements, charges, advances and expenses of the Trustee's and the Security Agent's agents and counsel.

The Issuer, failing which the Guarantors, shall indemnify the Trustee and the Security Agent against any and all loss, liability or expense (including attorneys' fees and expenses) incurred by either of them without willful misconduct or gross negligence on their part arising out of or in connection with the administration of this trust and the performance of their duties hereunder (including the costs and expenses of enforcing this Indenture, the Inter-creditor Agreement, any Additional Intercreditor Agreement and the Security Documents against the Issuer and the Guarantors (including this Section 7.05) and defending themselves against any claim, whether asserted by the Issuer, the Guarantors, any Holder or any other Person, or liability in connection with the execution and performance of any of their powers and duties hereunder). The Trustee and the Security Agent shall notify the Issuer promptly of any

claim for which they may seek indemnity. Failure by the Trustee or the Security Agent to so notify the Issuer shall not relieve the Issuer or any Guarantor of its obligations hereunder. The Issuer shall, at the sole discretion of the Trustee or Security Agent, as applicable, defend the claim and the Trustee and the Security Agent may cooperate and may participate at the Issuer's expense in such defense. Alternatively, the Trustee and the Security Agent may at their option have separate counsel of their own choosing and the Issuer shall pay the properly incurred fees and expenses of such counsel. The Issuer need not pay for any settlement made without its consent, which consent may not be unreasonably withheld. The Issuer shall not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own willful misconduct or gross negligence.

To secure the Issuer's payment obligations in this Section 7.05, the Trustee and the Security Agent shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, in their capacity as Trustee and the Security Agent, except money or property, including any proceeds from the sale of Collateral, held in trust to pay principal of, premium, if any, additional amounts, if any, and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of all Notes under this Indenture.

When either the Trustee or the Security Agent incur expenses after the occurrence of a Default specified in Section 6.01(a)(9) with respect to the Issuer, the Guarantors, or any Restricted Subsidiary, the expenses are intended to constitute expenses of administration under Bankruptcy Law.

The Issuer's obligations under this Section 7.05 and any claim or Lien arising hereunder shall survive the resignation or removal of any Trustee and the Security Agent, the satisfaction and discharge of the Issuer's obligations pursuant to Article Eight and any rejection or termination under any Bankruptcy Law, and the termination of this Indenture.

SECTION 7.06. Replacement of Trustee or Security Agent. A resignation or removal of the Trustee and the Security Agent and appointment of a successor Trustee and successor Security Agent shall become effective only upon the successor Trustee's and the successor Security Agent's acceptance of appointment as provided in this Section 7.06.

The Trustee and, subject to the appointment and acceptance of a successor Security Agent as provided in this Section and the last paragraph of this Section 7.06, the Security Agent may resign at any time without giving any reason by so notifying the Issuer. The Holders of a majority in outstanding principal amount of the outstanding Notes may remove the Trustee and the Security Agent by so notifying the Trustee, the Security Agent and the Issuer. The Issuer shall remove the Trustee or the Security Agent if:

- (a) the Trustee or the Security Agent fails to comply with Section 7.09;
- (b) the Trustee or the Security Agent is adjudged bankrupt or insolvent;
- (c) a receiver or other public officer takes charge of the Trustee or the Security Agent or their property; or
- (d) the Trustee or the Security Agent otherwise becomes incapable of acting.

If the Trustee or the Security Agent resigns or is removed, or if a vacancy exists in the office of Trustee or the Security Agent for any reason, the Issuer shall promptly appoint a successor Trustee or a successor Security Agent, as the case may be. Within one year after the successor Trustee or Security Agent takes office, the Holders of a majority in principal amount of the outstanding Notes may appoint a successor Trustee or Security Agent to replace the successor Trustee or Security Agent appointed by the Issuer. If the successor Trustee or Security Agent does not deliver its written acceptance required by the next succeeding paragraph of this Section 7.06 within 30 days after the retiring Trustee or Security Agent resigns or is removed, the retiring Trustee or Security Agent, the Issuer or the Holders of a majority in principal amount of the outstanding Notes may, at the expense of the Issuer, petition any court of competent jurisdiction for the appointment of a successor Trustee or Security Agent.

A successor Trustee or Security Agent shall deliver a written acceptance of its appointment to the retiring Trustee or Security Agent, as the case may be, and to the Issuer. Thereupon the resignation or removal of the retiring Trustee or Security Agent shall become effective, and the successor Trustee or Security Agent shall have all the rights, powers and duties of the Trustee or the Security Agent under this Indenture. The successor Trustee or Security Agent shall mail a notice of its succession to Holders. The retiring Trustee or Security Agent shall, at the expense of the Issuer, promptly transfer all property held by it as Trustee or Security Agent to the successor Trustee or Security Agent; *provided* that all sums owing to the Trustee or Security Agent hereunder have been paid and subject to the Lien provided for in Section 7.05.

If a successor Trustee or Security Agent does not take office within 60 days after the retiring Trustee or Security Agent resigns or is removed, the retiring Trustee or Security Agent, the Issuer or the Holders of at least 25% in outstanding principal amount of the Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee or Security Agent at the expense of the Issuer. Without prejudice to the right of the Issuer to appoint a successor Trustee or a successor Security Agent in accordance with the provisions of this Indenture, the retiring Trustee or Security Agent may appoint a successor Trustee or Security Agent at any time prior to the date on which a successor Trustee or Security Agent takes office.

If the Trustee or the Security Agent fails to comply with Section 7.09, any Holder who has been a bona fide Holder of a Note for at least six months may petition any court of competent jurisdiction for the removal of the Trustee or the Security Agent and the appointment of a successor Trustee or Security Agent.

In addition to the foregoing and notwithstanding any provision to the contrary, any resignation, removal or replacement of the Security Agent pursuant to this Section 7.06 shall not be effective until (a) a successor to the Security Agent has agreed to act under the terms of this Indenture and (b) all of the Security Interests in the Collateral has been transferred to such successor. Any replacement or successor Security Agent shall be a bank with an office in New York, New York or London, England, or an Affiliate of any such bank. Upon acceptance of its appointment as Security Agent hereunder by a replacement or successor, such replacement or successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Security Agent hereunder, and the retiring Security Agent shall be discharged from its duties and obligations hereunder.

Notwithstanding the replacement of the Trustee or the Security Agent pursuant to this Section 7.06, the Issuer's and the Guarantors' obligations under Section 7.05 shall continue for the benefit of the retiring Trustee or Security Agent.

SECTION 7.07. Successor Trustee or Security Agent by Merger. Any corporation into which the Trustee or the Security Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee or the Security Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee or the Security Agent, shall be the successor of the Trustee or the Security Agent hereunder; *provided* such corporation shall be otherwise qualified and eligible under this Article Seven, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Trustee had itself authenticated such Notes. In case at that time any of the Notes shall not have been authenticated, any successor Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor Trustee. In all such cases such certificates shall have the full force and effect which this Indenture provides for the certificate of authentication of the Trustee shall have; *provided* that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Notes in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 7.08. Appointment of Security Agent and Supplemental Security Agents. The parties hereto acknowledge and agree, and each Holder by accepting the Notes acknowledges and agrees, that the Issuer hereby appoints Citibank, N.A., London Branch to act as Security Agent hereunder, and Citibank, N.A., London Branch accepts such appointment. Each Holder, by accepting the Notes, authorizes and expressly directs the Trustee and the Security Agent on such Holder's behalf to enter into the Intercreditor Agreement and any Additional Intercreditor Agreement and the Trustee and the Holders acknowledge that the Security Agent will be acting in respect to the

Security Documents and the security granted thereunder on the terms outlined therein (which terms in respect of the rights and protections of the Security Agent, in the event of an inconsistency with the terms of this Indenture, will prevail).

(a) The Security Agent may perform any of its duties and exercise any of its rights and powers through one or more sub-agents or co-trustees appointed by it. The Security Agent and any such sub-agent or co-trustee may perform any of its duties and exercise any of its rights and powers through its affiliates. All of the provisions of this Indenture applicable to the Security Agent including, without limitation, its rights to be indemnified, shall apply to and be enforceable by any such sub-agent and affiliates of a Security Agent and any such sub-agent or co-trustee. All references herein to a "Security Agent" shall include any such sub-agent or co-trustee and affiliates of a Security Agent or any such sub-agent or co-trustee.

(b) It is the purpose of this Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents that there shall be no violation of any Law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as agent or trustee in such jurisdiction. Without limiting paragraph (a) of this Section, it is recognized that in case of litigation under, or enforcement of, this Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or any of the Security Documents, or in case the Security Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the rights, powers or remedies granted herein or in any of the Security Documents or take any other action which may be desirable or necessary in connection therewith, the Security Agent is hereby authorized to appoint an additional individual or institution selected by the Security Agent in its sole discretion as a separate trustee, co-trustee, administrative agent, Security Agent, administrative sub-agent or administrative co-agent (any such additional individual or institution being referred to herein individually as a "Supplemental Security Agent" and collectively as "Supplemental Security Agents").

(c) In the event that the Security Agent appoints a Supplemental Security Agent with respect to any Collateral, (i) each and every right, power, privilege or duty expressed or intended by this Indenture or any of the other Security Documents to be exercised by or vested in or conveyed to such Security Agent with respect to such Collateral shall be exercisable by and vest in such Supplemental Security Agent to the extent, and only to the extent, necessary to enable such Supplemental Security Agent to exercise such rights, powers and privileges with respect to such Collateral and to perform such duties with respect to such Collateral, and every covenant and obligation contained in the Security Documents and necessary to the exercise or performance thereof by such Supplemental Security Agent shall run to and be enforceable by either such Security Agent or such Supplemental Security Agent, and (ii) the provisions of this Indenture (and, in particular, this Article Seven) that refer to the Security Agent shall inure to the benefit of such Supplemental Security Agent and all references therein to the Security Agent shall be deemed to be references to a Security Agent and/or such Supplemental Security Agent, as the context may require.

(d) Should any instrument in writing from the Issuer or any other obligor be required by any Supplemental Security Agent so appointed by the Security Agent for more fully and certainly vesting in and confirming to him or it such rights, powers, privileges and duties, the Parent Guarantor shall, or shall cause the Issuer and relevant Guarantor to, execute, acknowledge and deliver any and all such instruments promptly upon request by the Security Agent. In case any Supplemental Security Agent, or a successor thereto, shall die, become incapable of acting, resign or be removed, all the rights, powers, privileges and duties of such Supplemental Security Agent, to the extent permitted by Law, shall vest in and be exercised by the Security Agent until the appointment of a new Supplemental Security Agent.

SECTION 7.09. Eligibility; Disqualification. There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of England and Wales or the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power and which is generally recognized as a corporation which customarily performs such corporate trustee roles and provides such corporate trustee services in transactions similar in nature to the offering of the Notes as described in the Offering Memorandum.

SECTION 7.10. Appointment of Co-Trustee.

(a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement thereof on Default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or institution as a separate or co-trustee. The following provisions of this Section 7.10 are adopted to these ends.

(b) In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and Lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and only to the extent that the Trustee by the laws of any jurisdiction is incapable of exercising such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

(c) Should any instrument in writing from the Issuer be required by the separate or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall to the extent permitted by the laws of the State of New York and the jurisdictions of organization of the Issuer, on request, be executed, acknowledged and delivered by the Issuer; *provided* that if an Event of Default shall have occurred and be continuing, if the Issuer do not execute any such instrument within 15 days after request therefor, the Trustee shall be empowered as an attorney-in-fact for the Issuer to execute any such instrument in the Issuer's name and stead. In case any separate or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate or co-trustee.

(d) Each separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights and powers, conferred or imposed upon the Trustee shall be conferred or imposed upon and may be exercised or performed by such separate trustee or co-trustee; and

(ii) no trustee hereunder shall be liable by reason of any act or omission of any other trustee hereunder.

(e) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article Seven.

(f) Any separate trustee or co-trustee may at any time appoint the Trustee as its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successors trustee.

SECTION 7.11. Resignation of Agents.

(a) Any Agent may resign its appointment hereunder at any time without the need to give any reason and without being responsible for any costs associated therewith by giving to the Issuer and the Trustee and (except

in the case of resignation of the Principal Paying Agent) the Principal Paying Agent 30 days' written notice to that effect (waivable by the Issuer and the Trustee); *provided* that in the case of resignation of the Principal Paying Agent no such resignation shall take effect until a new Principal Paying Agent (approved in advance in writing by the Trustee) shall have been appointed by the Issuer to exercise the powers and undertake the duties hereby conferred and imposed upon the Principal Paying Agent. Following receipt of a notice of resignation from any Agent, the Issuer shall promptly give notice thereof to the Holders in accordance with Section 12.02. Such notice shall expire at least 30 days before or after any due date for payment in respect of the Notes.

(b) If any Agent gives notice of its resignation in accordance with this Section 7.11 and a replacement Agent is required and by the tenth day before the expiration of such notice such replacement has not been duly appointed, such Agent may itself appoint as its replacement any reputable and experienced financial institution. Immediately following such appointment, the Issuer shall give notice of such appointment to the Trustee, the remaining Agents and the Holders whereupon the Issuer, the Trustee, the remaining Agents and the replacement Agent shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form *mutatis mutandis* of this Indenture.

(c) Upon its resignation becoming effective the Principal Paying Agent shall forthwith transfer all moneys held by it hereunder hereof to the successor Principal Paying Agent or, if none, the Trustee or to the Trustee's order, but shall have no other duties or responsibilities hereunder, and shall be entitled to the payment by the Issuer of its remuneration for the services previously rendered hereunder and to the reimbursement of all reasonable expenses (including legal fees) incurred in connection therewith.

SECTION 7.12. Agents General Provisions.

(a) Actions of Agents. The rights, powers, duties and obligations and actions of each Agent under this Indenture are several and not joint or joint and several.

(b) Agents of Trustee. The Issuer and the Agents acknowledge and agree that in the event of a Default or Event of Default, the Trustee may, by notice in writing to the Issuer and the Agents, require that the Agents act as agents of, and take instructions exclusively from, the Trustee. Prior to receiving such written notification from the Trustee, the Agents shall be the agents of the Issuer and need have no concern for the interests of the Holders.

(c) Funds held by Agents. The Agents will hold all funds as banker subject to the terms of this Indenture and as a result, such money will not be held in accordance with the rules established by the Financial Conduct Authority in the Financial Conduct Authority's Handbook of rules and guidance from time to time in relation to client money.

(d) Publication of Notices. Any obligation the Agents may have to publish a notice to Holders of Global Notes on behalf of the Issuer will be met upon delivery of the notice to DTC.

(e) Instructions. In the event that instructions given to any Agent are not reasonably clear, then such Agent shall be entitled to seek clarification from the Issuer or other party entitled to give the Agents instructions under this Indenture by written request promptly, and in any event within one Business Day of receipt by such Agent of such instructions. If an Agent has sought clarification in accordance with this Section 7.12, then such Agent shall be entitled to take no action until such clarification is provided, and shall not incur any liability for not taking any action pending receipt of such clarification.

(f) No Fiduciary Duty. No Agent shall be under any fiduciary duty or other obligation towards, or have any relationship of agency or trust, for or with any person other than the Issuer.

(g) Mutual Undertaking. Each party shall, within ten Business Days of a written request by another party, supply to that other party such forms, documentation and other information relating to it, its operations, or the Notes as that other party reasonably requests for the purposes of that other party's compliance with applicable law and shall notify the relevant other party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such party is (or becomes) inaccurate in any material respect;

provided, however, that no party shall be required to provide any forms, documentation or other information pursuant to this Section 7.12(g) to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such party and cannot be obtained by such party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such party constitute a breach of any: (a) applicable law; (b) fiduciary duty; or (c) duty of confidentiality. For purposes of this Section 7.12(g), “applicable law” shall be deemed to include (i) any rule or practice of any regulatory or governmental authority by which any party is bound or with which it is accustomed to comply; (ii) any agreement between any Authorities; and (iii) any agreement between any regulatory or governmental authority and any party that is customarily entered into by institutions of a similar nature.

(h) Tax Withholding.

(i) The Issuer shall notify each Agent in the event that it determines that any payment to be made by an Agent under the Notes is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated; *provided, however*, that the Issuer’s obligations under this Section 7.12(h) shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, the Notes, or both.

(ii) Notwithstanding any other provision of this Indenture, each Agent shall be entitled to make a deduction or withholding from any payment which it makes under the Notes for or on account of any Tax, if and only to the extent so required by Applicable Law, in which event the Agent shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so deducted or withheld, in which case, the Issuer shall so account to the relevant Authority for such amount. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by Applicable Law for the purposes of this Section 7.12(h)(ii).

ARTICLE EIGHT
DEFEASANCE; SATISFACTION AND DISCHARGE

SECTION 8.01. Issuer’s Option to Effect Defeasance or Covenant Defeasance. The Issuer may, at its option and at any time prior to the Stated Maturity of the Notes, by a resolution of its Board of Directors, elect to have either Section 8.02 or Section 8.03 be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article Eight.

SECTION 8.02. Defeasance and Discharge. Upon the Issuer’s exercise under Section 8.01 of the option applicable to this Section 8.02, the Issuer and the Guarantors shall be deemed to have been discharged from their obligations with respect to the Notes on the date the conditions set forth in Section 8.04 are satisfied (hereinafter, “Legal Defeasance”). For this purpose, such Legal Defeasance means that the Issuer shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes and to have satisfied all their other obligations under the Notes and this Indenture (and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive, solely from the trust fund described in Section 8.08 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any, on) and interest (including Additional Amounts) on such Notes when such payments are due, (b) the Issuer’s obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust, (c) the rights, powers, trusts, duties and immunities of the Trustee and the Security Agent hereunder and the Issuer’s and the Guarantors’ obligations in connection therewith and (d) the provisions of this Article Eight. Subject to compliance with this Article Eight, the Issuer may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 below with respect to the Notes. If the Issuer exercises its Legal Defeasance option, payment of the Notes may not be accelerated because of an Event of Default.

SECTION 8.03. Covenant Defeasance. Upon the Issuer's exercise under Section 8.01 of the option applicable to this Section 8.03, the Issuer and the Guarantors shall be released from their obligations under any covenant contained in Sections 4.04 through 4.11, 4.13 through 4.17, 4.19 through 4.21, 4.24 and 5.01 with respect to the Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that, the Issuer may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby.

SECTION 8.04. Conditions to Defeasance. In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Parent Guarantor must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee:

(a) an opinion of United States counsel, which counsel is reasonably acceptable to the Trustee, confirming that (i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (ii) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

(b) an Opinion of Counsel in the jurisdiction of incorporation of the Issuer, which counsel is reasonably acceptable to the Trustee, to the effect that the holders of the Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee:

(a) an opinion of United States counsel, which counsel is reasonably acceptable to the Trustee, confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

(b) an opinion of counsel in the jurisdiction of incorporation of the Issuer, which counsel is reasonably acceptable to the Trustee, to the effect that the holders of the Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, the Revolving Credit Facility or any other material agreement or instrument (other than this Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Issuer or any of the Guarantors is a party or by which the Issuer or any of the Guarantors is bound;

(6) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(7) the Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

If the funds deposited with the Trustee to effect Covenant Defeasance are insufficient to pay the principal of, premium, if any, and interest on the Notes when due because of any acceleration occurring after an Event of Default, then the Issuer and the Guarantors shall remain liable for such payments.

SECTION 8.05. Satisfaction and Discharge of Indenture. This Indenture, and the rights of the Trustee and the Holders of the Notes under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, shall be discharged and shall cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture;

(3) the Issuer has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case maybe; and

(4) the Issuer has delivered an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any

such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

SECTION 8.06. Survival of Certain Obligations. Notwithstanding Sections 8.01 and 8.03, any obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors in Sections 2.02 through 2.14, 6.07, 7.05 and 7.06 shall survive until the Notes have been paid in full. Thereafter, any obligations of the Issuer or the Parent Guarantor and the Subsidiary Guarantors in Section 7.05 shall survive such satisfaction and discharge. Nothing contained in this Article Eight shall abrogate any of the obligations or duties of the Trustee under this Indenture.

SECTION 8.07. Acknowledgment of Discharge by Trustee. Subject to Section 8.09, after the conditions of Section 8.02 or 8.03 have been satisfied, the Trustee upon written request shall acknowledge in writing the discharge of all of the Issuer's, Parent Guarantor's and Subsidiary Guarantor's obligations under this Indenture except for those surviving obligations specified in this Article Eight.

SECTION 8.08. Application of Trust Money. Subject to Section 8.09, the Trustee shall hold in trust cash in U.S. dollars or U.S. Government Obligations deposited with it pursuant to this Article Eight. It shall apply the deposited cash or Government Securities through the Paying Agent and in accordance with this Indenture to the payment of principal of, premium, if any, interest, and Additional Amounts, if any, on the Notes; but such money need not be segregated from other funds except to the extent required by law.

SECTION 8.09. Repayment to Issuer. Subject to Sections 7.05, and 8.01 through 8.04, the Trustee and the Paying Agent shall promptly pay to the Issuer upon request set forth in an Officer's Certificate any excess money held by them at any time and thereupon shall be relieved from all liability with respect to such money. The Trustee and the Paying Agent shall pay to the Issuer upon request any money held by them for the payment of principal, premium, if any, interest or Additional Amounts, if any, that remains unclaimed for two years; *provided* that the Trustee or Paying Agent before being required to make any payment may cause to be published through the newswire service of Bloomberg or, if Bloomberg does not then operate, any similar agency or mail to each Holder entitled to such money at such Holder's address (as set forth in the Security Register) notice that such money remains unclaimed and that after a date specified therein (which shall be at least 30 days from the date of such publication or mailing) any unclaimed balance of such money then remaining will be repaid to the Issuer. After payment to the Issuer, Holders entitled to such money must look to the Issuer for payment as general creditors unless an applicable law designates another Person, and all liability of the Trustee and such Paying Agent with respect to such money shall cease.

SECTION 8.10. Indemnity for Government Securities. The Issuer or the Parent Guarantor shall pay and shall indemnify the Trustee and the Paying Agent against any tax, fee or other charge imposed on or assessed against deposited Government Securities or the principal, premium, if any, interest, if any, and Additional Amounts, if any, received on such Government Securities.

SECTION 8.11. Reinstatement. If the Trustee or Paying Agent is unable to apply cash in dollars or Government Securities in accordance with this Article Eight by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's and the Guarantors' obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to this Article Eight until such time as the Trustee or any such Paying Agent is permitted to apply all such cash or Government Securities in accordance with this Article Eight; *provided* that, if the Issuer has made any payment of principal of, premium, if any, interest, if any, and Additional Amounts, if any, on any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the cash in dollars or Government Securities held by the Trustee or Paying Agent.

ARTICLE NINE
AMENDMENTS AND WAIVERS

SECTION 9.01. Without Consent of Holders.

(a) The Issuer, when authorized by a resolution of its Board of Directors (as evidenced by the delivery of such resolutions to the Trustee), the Guarantors, the Security Agent and the Trustee may modify, amend or supplement this Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents without notice to or consent of any Holder:

- (1) to cure any ambiguity, omission, error, defect or inconsistency;
- (2) to provide for the assumption of the Issuer's or a Guarantor's obligations to Holders of Notes and Note Guarantees in the case of a consolidation or merger or sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;
- (3) to make any change that would provide any additional rights or benefits to the Holders of Notes or that, in the good faith judgment of the Board of Directors of the Parent Guarantor, does not adversely affect the legal rights under this Indenture of any such holder in any material respect;
- (4) to conform the text of this Indenture, the Notes or the Note Guarantees to any provision of the section entitled "Description of Notes" in the Offering Memorandum to the extent that such provision in the "Description of Notes" was intended to be a verbatim recitation of a provision of this Indenture, the Notes or the Note Guarantees;
- (5) to provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with Section 4.06 and Section 4.15 to add security to or for the benefit of the Notes or to confirm and evidence the release, termination, discharge or retaking of any Note Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is permitted under this Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;
- (6) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of lenders under the Revolving Credit Facility, in any property which is required by the Revolving Credit Facility (as in effect on the First Escrow Release Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by this Indenture and Section 4.22 is complied with;
- (7) to provide for the issuance of additional Notes in accordance with the limitations set forth in this Indenture as of the Issue Date;
- (8) to allow any Guarantor to execute a Supplemental Indenture and a Note Guarantee with respect to the Notes;
- (9) to provide for uncertificated Notes in addition to or in place of Definitive Registered Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code); or
- (10) to evidence and provide the acceptance of the appointment of a successor Trustee under this Indenture.

(b) In connection with any proposed amendment or supplement in respect of such matters, the Trustee will be entitled to receive, and rely conclusively on, an Opinion of Counsel and/or an Officer's Certificate.

SECTION 9.02. With Consent of Holders.

(a) Except as provided in Section 9.02(b) below and Section 6.04 and without prejudice to Section 9.01, this Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of this Indenture, the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

(b) Without the consent of each Holder affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting Holder):

- (1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any Note or reduce the premium payable upon the redemption of any such Note or change the time at which such Note may be redeemed;
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (4) impair the right of any Holder to institute suit for the enforcement of any payment on or with respect to such Holder's Notes or any Note Guarantee in respect thereof;
- (5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment Default that resulted from such acceleration);
- (6) make any Note payable in money other than that stated in the Notes;
- (7) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;
- (8) waive a redemption payment with respect to any Note (other than a payment required by Section 4.09 or Section 4.11);
- (9) make any change to or modify the ranking of the Notes in a manner that would adversely affect the holders thereof;
- (10) release any Guarantor from any of its obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement;
- (11) release the security interest granted in the Collateral for the benefit of the Trustee and the Holders of the Notes, other than pursuant to the terms of the Security Documents or this Indenture, as applicable, except as permitted by the Intercreditor Agreement or any Additional Intercreditor Agreement; or

(12) make any change in the preceding amendment and waiver provisions.

(c) The consent of the Holders shall not be necessary under this Indenture to approve the particular form of any proposed amendment, modification, supplement, waiver or consent. It is sufficient if such consent approves the substance of the proposed amendment, modification, supplement, waiver or consent. A consent to any amendment or waiver under this Indenture by any Holder given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

SECTION 9.03. Effect of Supplemental Indentures. Upon the execution of any Supplemental Indenture under this Article Nine, this Indenture shall be modified in accordance therewith, and such Supplemental Indenture shall form a part of this Indenture for all purposes; and every Holder theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.04. Notation on or Exchange of Notes. If an amendment, modification or supplement changes the terms of a Note, the Issuer or the Trustee may require the Holder to deliver it to the Trustee. The Trustee may place an appropriate notation on the Note and on any Note subsequently authenticated regarding the changed terms and return it to the Holder. Alternatively, if the Issuer so determines, the Issuer in exchange for the Note shall issue, and the Trustee shall authenticate, a new Note that reflects the changed terms. Failure to make the appropriate notation or to issue a new Note shall not affect the validity of such amendment, modification or supplement.

SECTION 9.05. [Reserved].

SECTION 9.06. Notice of Amendment or Waiver. Promptly after the execution by the Issuer and the Trustee of any Supplemental Indenture or waiver pursuant to the provisions of Section 9.02, the Issuer shall give notice thereof to the Holders of each outstanding Note affected, in the manner provided for in Section 12.02(b), setting forth in general terms the substance of such Supplemental Indenture or waiver.

SECTION 9.07. Trustee to Sign Amendments, Etc. The Trustee or the Security Agent, as the case may be, shall execute any amendment, supplement or waiver authorized pursuant and adopted in accordance with this Article Nine; *provided* that the Trustee or the Security Agent, as the case may be, may, but shall not be obligated to, execute any such amendment, supplement or waiver which affects the Trustee's or Security Agent's, as the case may be, own rights, duties or immunities under this Indenture. The Trustee and the Security Agent shall be entitled to receive, if requested, an indemnity and/or security (including by way of pre-funding) satisfactory to it and to receive, and shall be fully protected in relying upon, an Opinion of Counsel and an Officer's Certificate each stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article Nine is authorized or permitted by this Indenture and that such amendment has been duly authorized, executed and delivered and is the legally valid and binding obligation of the Issuer and the Guarantors (if any) enforceable against them in accordance with its terms, subject to customary exceptions. Such Opinion of Counsel shall be an expense of the Issuer.

SECTION 9.08. Additional Voting Terms; Calculation of Principal Amount.

(a) All Notes issued under this Indenture shall vote and consent together on all matters (as to which any of such Notes may vote) as one class and no series of Notes will have the right to vote or consent as a separate series on any matter; *provided, however*, that if any amendment, waiver or other modification will only affect one series of Notes, only the consent of the Holders of not less than a majority in principal amount of the affected series of Notes then outstanding (and not the consent of the Holders of at least a majority of all Notes), shall be required. Determinations as to whether Holders of the requisite aggregate principal amount of Notes have concurred in any direction, waiver or consent shall be made in accordance with this Article Nine and Section 9.08(b).

(b) The aggregate principal amount of the Notes, at any date of determination, shall be the principal amount of the Notes at such date of determination. With respect to any matter requiring consent, waiver, approval or other action of the Holders of a specified percentage of the principal amount of all the Notes, such percentage shall be calculated, on the relevant date of determination, by dividing (i) the principal amount, as of such date of determination, of Notes, the Holders of which have so consented by (b) the aggregate principal amount, as of such

date of determination, of the Notes then outstanding, in each case, as determined in accordance with the preceding sentence, Section 2.08 and Section 2.09 of this Indenture. Any such calculation made pursuant to this Section 9.08(b) shall be made by the Issuer and delivered to the Trustee pursuant to an Officer's Certificate.

ARTICLE TEN GUARANTEE

SECTION 10.01. Note Guarantees.

(a) The Guarantors, by execution of a Supplemental Indenture, fully and, subject to the limitations on the effectiveness and enforceability set forth in such Supplemental Indenture, unconditionally guarantee, on a joint and several basis to each Holder and to the Trustee and its successors and assigns on behalf of each Holder, the full payment of principal of, premium, if any, interest, if any, and Additional Amounts, if any, on, and all other monetary obligations of the Issuer under this Indenture and the Notes (including obligations to the Trustee and the Security Agent and the obligations to pay Additional Amounts, if any) with respect to, each Note authenticated and delivered by the Trustee or its agent pursuant to and in accordance with this Indenture, in accordance with the terms of this Indenture (all the foregoing being hereinafter collectively called the "Obligations"). The Guarantors further agree that the Obligations may be extended or renewed, in whole or in part, without notice or further assent from the Guarantors and that the Guarantors shall remain bound under this Article Ten notwithstanding any extension or renewal of any Obligation. All payments under each Note Guarantee will be made in U.S. dollars.

(b) The Guarantors hereby agree that their obligations hereunder shall be as if they were each principal debtor and not merely surety, unaffected by, and irrespective of, any invalidity, irregularity or unenforceability of any Note or this Indenture, any failure to enforce the provisions of any Note or this Indenture, any waiver, modification or indulgence granted to the Issuer with respect thereto by the Holders or the Trustee, or any other circumstance which may otherwise constitute a legal or equitable discharge of a surety or guarantor (except payment in full); *provided* that notwithstanding the foregoing, no such waiver, modification, indulgence or circumstance shall without the written consent of the Guarantors increase the principal amount of a Note or the interest rate thereon or change the currency of payment with respect to any Note, or alter the Stated Maturity thereof. The Guarantors hereby waive diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require that the Trustee pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under a Note Guarantee (including, for the avoidance of doubt, any right which a Guarantor may have to require the seizure and sale of the assets of the Issuer to satisfy the outstanding principal of, interest on or any other amount payable under each Note prior to recourse against such Guarantor or its assets), protest or notice with respect to any Note or the Indebtedness evidenced thereby and all demands whatsoever, and each covenant that their Note Guarantee will not be discharged with respect to any Note except by payment in full of the principal thereof and interest thereon or as otherwise provided in this Indenture, including Section 10.04. If at any time any payment of principal of, premium, if any, interest, if any, or Additional Amounts, if any, on such Note is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Issuer, the Guarantors' obligations hereunder with respect to such payment shall be reinstated as of the date of such rescission, restoration or returns as though such payment had become due but had not been made at such times.

(c) The Guarantors also agree to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Holder in enforcing any rights under this Section 10.01.

SECTION 10.02. Subrogation.

(a) Each Guarantor shall be subrogated to all rights of the Holders against the Issuer in respect of any amounts paid to such Holders by such Guarantor pursuant to the provisions of its Note Guarantee.

(b) The Guarantors agree that they shall not be entitled to any right of subrogation in relation to the Holders in respect of any Obligations guaranteed hereby until payment in full of all Obligations. The Guarantors further agree that, as between them, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed hereby may be accelerated as provided in Section 6.02 for the purposes of the Note Guarantees herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Obligations

as provided in Section 6.02, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purposes of this Section 10.02.

SECTION 10.03. Release of Note Guarantees. The Note Guarantee of a Subsidiary Guarantor shall automatically be released:

- (1) in connection with any sale or other disposition of all or substantially all of the assets of such Subsidiary Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or a Restricted Subsidiary, if the sale or other disposition does not violate Section 4.09;
- (2) in connection with any sale or other disposition of Capital Stock of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or a Restricted Subsidiary, if the sale or other disposition does not violate Section 4.09 and the Subsidiary Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;
- (3) if the Parent Guarantor designates such Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of this Indenture;
- (4) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under this Indenture, the Notes and the Note Guarantees;
- (5) upon Legal Defeasance, Covenant Defeasance or satisfaction and discharge of the Notes, the Note Guarantees and this Indenture as provided under Article Eight;
- (6) in connection with enforcement actions as provided under the Intercreditor Agreement; or
- (7) as described under Article Nine;

provided that, in each case, such Subsidiary Guarantor has delivered to the Trustee an Officer's Certificate stating that all conditions precedent provided for in this Indenture relating to such release have been complied with.

The Note Guarantee of the Parent Guarantor shall automatically be released upon any of the circumstances described in clauses (4), (5), (6) and (7) of the immediately preceding paragraph; *provided* that, in each case, the Parent Guarantor has delivered to the Trustee an Officer's Certificate stating that all conditions precedent provided for in this Indenture relating to such release have been complied with.

The Trustee shall take all necessary actions, including the granting of releases or waivers under the Inter-creditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Note Guarantee in accordance with these provisions. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders and will not require any other action or consent on the part of the Trustee.

SECTION 10.04. Limitation and Effectiveness of Note Guarantees. Each Note Guarantee is limited to (i) an amount not to exceed the maximum amount that can be guaranteed by the Guarantor that gave such Note Guarantee without rendering such Note Guarantee, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally or (ii) the maximum amount otherwise permitted by law. Notwithstanding any provisions to the contrary in this Indenture, the obligations and liabilities of the Guarantors under their respective Note Guarantees shall be limited by the applicable local provisions and laws set forth on Schedule IV attached hereto (as may be supplemented pursuant to a Supplemental Indenture in accordance with this Indenture).

SECTION 10.05. Notation Not Required. Neither the Issuer nor any Guarantor shall be required to make a notation on the Notes to reflect any Note Guarantee or any release, termination or discharge thereof.

SECTION 10.06. Successors and Assigns. This Article Ten shall be binding upon the Guarantors and each of their successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee, the Security Agent and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee or the Security Agent, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assigns, all subject to the terms and conditions of this Indenture.

SECTION 10.07. No Waiver. Neither a failure nor a delay on the part of the Trustee, the Security Agent or the Holders in exercising any right, power or privilege under this Article Ten shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee, the Security Agent and the Holders herein expressly specified are cumulative and are not exclusive of any other rights, remedies or benefits which either may have under this Article Ten at law, in equity, by statute or otherwise.

SECTION 10.08. Modification. No modification, amendment or waiver of any provision of this Article Ten, nor the consent to any departure by any Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in the same, similar or other circumstance.

ARTICLE ELEVEN SECURITY

SECTION 11.01. Security: Security Documents.

(a) The due and punctual payment of the principal of, interest on and Additional Amounts, if any, on the Notes and the Note Guarantees when and as the same shall be due and payable, whether on an Interest Payment Date, at maturity, by acceleration, repurchase, redemption or otherwise, interest on the overdue principal of and interest (to the extent permitted by law), if any, on the Notes and Note Guarantees and performance of all other obligations under this Indenture, shall be secured as provided in the Security Documents. The Trustee, the Security Agent, the Issuer and the Guarantors hereby agree that, subject to Permitted Collateral Liens, the Security Agent shall hold the Collateral in trust for the benefit of itself, the Trustee and all of the Holders pursuant to the terms of the Security Documents, and shall act as mortgagee or security holder under all mortgages or standard securities, beneficiary under all deeds of trust and as secured party under the applicable security agreements.

(b) Each Holder of the Notes, by its acceptance thereof, consents and agrees to the terms of the Security Documents (including, without limitation, the provisions providing for foreclosure and release of Collateral) as the same may be in effect or may be amended from time to time in accordance with their terms and authorizes and directs the Security Agent to perform its respective obligations and exercise its rights thereunder in accordance therewith.

(c) The Trustee, the Security Agent and each Holder, by accepting the Notes and the Note Guarantees, acknowledges that, as more fully set forth in the Security Documents, the Collateral as now or hereafter constituted shall be held for the benefit of all the Holders under the Security Documents, and that the Lien of this Indenture and the Security Documents in respect of the Security Agent and the Holders is subject to and qualified and limited in all respects by the Security Documents and actions that may be taken thereunder.

(d) Notwithstanding (i) anything to the contrary contained in this Indenture, the Security Documents, the Notes, the Note Guarantees or any other instrument governing, evidencing or relating to any Indebtedness, (ii) the time, order or method of attachment of any Liens, (iii) the time or order of filing or recording of financing statements or other documents filed or recorded to perfect any Lien upon any Collateral, (iv) the time of taking possession or control over any Collateral or (v) the rules for determining priority under any law of any relevant jurisdiction governing relative priorities of secured creditors:

(1) the Liens will rank equally and ratably with all valid, enforceable and perfected Liens, whenever granted upon any present or future Collateral, but only to the extent such Liens are permitted under this Indenture to exist and to rank equally and ratably with the Notes and the Note Guarantees; and

(2) all proceeds of the Collateral applied under the Security Documents shall be allocated and distributed as set forth in the Security Documents, subject to the Intercreditor Agreement and any Additional Intercreditor Agreement.

(e) The Collateral shall be granted within 30 days of the First Escrow Release Date. The Collateral located in Ecuador (including a mortgage over the Vessel known as the *Silver Galapagos*) shall be granted within 60 days of the First Escrow Release Date (or such longer period as may be agreed by the Security Agent in its sole discretion) and the mortgage over the Vessel known as the *Silver Shadow* (which will be repurchased as part of the unwinding of the existing sale and leaseback) shall be granted within 90 days of the First Escrow Release Date (or such longer period as may be agreed by the Security Agent in its sole discretion). The mortgage over the Vessel known as the *Silver Muse* shall be granted within 60 days of the Second Escrow Release Date (or such longer period as may be agreed by the Security Agent in its sole discretion).

SECTION 11.02. Authorization of Actions to Be Taken by the Security Agent Under the Security Documents. The Security Agent shall be the representative on behalf of the Holders and, subject to the Intercreditor Agreement and any Additional Intercreditor Agreement, shall act upon the written direction of the Trustee (in turn, acting on written direction of the Holders) with regard to all voting, consent and other rights granted to the Trustee and the Holders under the Security Documents. Subject to the provisions of the Security Documents (including the Intercreditor Agreement and any Additional Intercreditor Agreement), the Security Agent may, in its sole discretion and without the consent of the Holders, on behalf of the Holders, take all actions it deems necessary or appropriate in order to (a) enforce any of its rights or any of the rights of the Holders under the Security Documents and (b) receive any and all amounts payable from the Collateral in respect of the obligations of the Issuer and the Guarantors hereunder. Subject to the provisions of the Security Documents, the Security Agent shall have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts of impairment that may be unlawful or in violation of the Security Documents or this Indenture, and such suits and proceedings as the Security Agent (after consultation with the Trustee, where appropriate) may deem reasonably expedient to preserve or protect its interest and the interests of the Holders in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders or the Security Agent). The Security Agent is hereby irrevocably authorized by each Holder of the Notes to effect any release of Liens or Collateral contemplated by Section 11.04 hereof or by the terms of the Security Documents.

Each Holder, by accepting a Note, shall be deemed (i) to have irrevocably appointed Citibank, N.A., London Branch as Security Agent and Intercreditor Agent, (ii) to have irrevocably authorized the Security Agent, the Intercreditor Agent and the Trustee to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to each of them under the Intercreditor Agreement or other documents to which the Security Agent and/or the Trustee is a party, together with any other incidental rights, power and discretions and (ii) execute each document expressed to be executed by the Security Agent and/or the Trustee and/or the Intercreditor Agent on its behalf and (iii) to have accepted the terms and conditions of the Intercreditor Agreement and any Additional In-tercreditor Agreement and each Holder of the Notes will also be deemed to have authorized the Security Agent, the Intercreditor Agent and the Trustee to enter into any such Additional Intercreditor Agreement.

SECTION 11.03. Authorization of Receipt of Funds by the Security Agent Under the Security Documents. The Security Agent is authorized to receive and distribute any funds for the benefit of the Holders under the Security Documents, and to make further distributions of such funds to the Holders according to the provisions of this Indenture and the Security Documents.

SECTION 11.04. Release of the Collateral.

(a) To the extent a release is required by a Security Document, the Security Agent shall release, and the Trustee (as applicable) shall release and if so requested direct the Security Agent to release, without the need for consent of the Holders of the Notes, Liens on the Collateral securing the Notes:

- (1) upon payment in full of principal of, interest and all other Obligations on the Notes issued under this Indenture or discharge or defeasance thereof;
- (2) upon release of a Note Guarantee (with respect to the Liens securing such Note Guarantee granted by such Guarantor) in accordance with the applicable provisions of this Indenture;
- (3) in connection with any disposition of Collateral to any Person (but excluding any transaction subject to Article Five); *provided* that if the Collateral is disposed of to the Parent Guarantor or a Restricted Subsidiary, the relevant Collateral becomes immediately subject to a substantially equivalent Lien in favor of the Security Agent securing the Notes; *provided, further*, that, in each case, such disposition is permitted by this Indenture and the Intercreditor Agreement;
- (4) if the Parent Guarantor designates any Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of this Indenture, the release of the property, assets and Capital Stock of such Unrestricted Subsidiary;
- (5) in connection with certain enforcement actions taken by the creditors under certain secured indebtedness of the Parent Guarantor and its Subsidiaries as provided under the Intercreditor Agreement, or otherwise in compliance with the Intercreditor Agreement;
- (6) as may be permitted by Section 4.22 or Section 5.01;
- (7) in order to effectuate a (i) merger, consolidation, conveyance, transfer or other business combination conducted in compliance with Section 5.01 or (ii) a reconstitution or merger for the purpose of re-flagging a vessel in compliance with Section 4.28; and
- (8) upon the seizure, appropriation, nationalization or expropriation of any Collateral located or registered in Ecuador or any change in law by the government of Ecuador or any instrumentality thereof that renders it unlawful to permit a Lien against any Collateral in favor of the Security Agent, for the benefit of itself, the Trustee and the holders of the Notes.

Each of the foregoing releases shall be effected by the Security Agent without the consent of the Holders of the Notes or any action on the part of the Trustee.

(b) Any release of Collateral made in compliance with this Section 11.04 shall not be deemed to impair the Lien under the Security Documents or the Collateral thereunder in contravention of the provisions of this Indenture or the Security Documents.

(c) In the event that the Issuer or any Guarantor seeks to release Collateral, the Issuer or such Guarantor shall deliver an Officer's Certificate (which the Trustee and Security Agent shall rely upon in connection with such release) to the Trustee and the Security Agent setting forth that the specified release complies with the terms of this Indenture. Upon receipt of the Officer's Certificate and if so requested by the Issuer or such Guarantor, the Security Agent shall execute, deliver or acknowledge any necessary or proper instruments of termination, satisfaction or release to evidence the release of any Collateral permitted to be released pursuant to this Indenture.

ARTICLE TWELVE
MISCELLANEOUS

SECTION 12.01. Notices.

(a) Any notice or communication shall be in writing and delivered in person or mailed by first class mail or sent by facsimile transmission addressed as follows:

if to the Issuer or the Guarantors:

Silversea Cruise Finance Ltd.
c/o GTC Corporate Services Limited
Sassoon House
1378 Shirley Street & Victoria Avenue
PO Box SS-5383, Nassau, New Providence
The Bahamas

Facsimile: +1 954 763-1397
Attention: Mr. Ernesto Fara

with copies to:

Shearman & Sterling
9 Appold Street
London EC2A 2AP
United Kingdom

Facsimile: +44 (0)20 7655 5500
Attention: Mr. Trevor Ingram

if to the Trustee, Principal Paying Agent or Transfer Agent:

Citibank, N.A., London Branch
Citigroup Centre
25 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

(i) For the Trustee and Security Agent

Fax: +44 20 7500 5877
Attn: Trustee

(ii) For the Principal Paying Agent

Fax: +353 1 622 4030
Attn: Agency and Trust

(iii) For the Transfer Agent

Fax: +353 1 622 4030
Attn: Agency and Trust

The Issuer, the Guarantors or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

(b) Notices regarding the Notes shall be:

(i) delivered to Holders electronically or mailed by first-class mail, postage paid; and

(ii) in the case of Definitive Registered Notes, mailed to each Holder by first-class mail at such Holder's respective address as it appears on the registration books of the Registrar.

Notices given by first-class mail shall be deemed given five calendar days after mailing and notices given by publication shall be deemed given on the first date on which publication is made. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

(c) If and so long as the Notes are listed on any securities exchange instead of or in addition to the Channel Islands Stock Exchange, notices shall also be given in accordance with any applicable requirements of such alternative or additional securities exchange.

(d) If and so long as the Notes are represented by Global Notes, notice to Holders, in addition to being given in accordance with Section 12.02(b) above, shall also be given by delivery of the relevant notice to DTC for communication.

(e) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 12.02. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuer or any Guarantor to the Trustee or the Security Agent to take or refrain from taking any action under this Indenture (except in connection with the original issuance of the Original Notes on the date hereof), the Issuer or any Guarantor, as the case may be, shall furnish upon request to the Trustee or the Security Agent:

(a) an Officer's Certificate in form reasonably satisfactory to the Trustee or the Security Agent stating that, in the opinion of the Officer, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in form reasonably satisfactory to the Trustee or the Security Agent stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Any Officer's Certificate may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless the Officer signing such certificate knows, or in the exercise of reasonable care should know, that such Opinion of Counsel with respect to the matters upon which such Officer's Certificate is based are erroneous. Any Opinion of Counsel may be based and may state that it is so based, insofar as it relates to factual matters, upon certificates of public officials or an Officer's Certificate stating that the information with respect to such factual matters is in the possession of the Issuer, unless the counsel signing such Opinion of Counsel knows, or in the exercise of reasonable care should know, that the Officer's Certificate with respect to the matters upon which such Opinion of Counsel is based are erroneous.

SECTION 12.03. Statements Required in Certificate or Opinion. Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 12.04. Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 12.05. No Personal Liability of Directors, Officers, Employees and Stockholders. No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, this Indenture and the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability.

SECTION 12.06. Legal Holidays. If an Interest Payment Date or other payment date is not a Business Day, payment shall be made on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period. If a Record Date is not a Business Day, the Record Date shall not be affected.

SECTION 12.07. Governing Law. THIS INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 12.08. Jurisdiction. The Issuer and each Guarantor agree that any suit, action or proceeding against the Issuer or any Guarantor brought by any Holder or the Trustee or the Security Agent arising out of or based upon this Indenture, the Notes or the Note Guarantees may be instituted in any state or Federal court in the Borough of Manhattan, New York, New York, and any appellate court from any thereof, and each of them irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding. Each of the Issuer and the Guarantors irrevocably waives, to the fullest extent permitted by law, any objection to any suit, action, or proceeding that may be brought in connection with this Indenture, the Notes or the Note Guarantees, including such actions, suits or proceedings relating to securities laws of the United States of America or any state thereof, in such courts whether on the grounds of venue, residence or domicile or on the ground that any such suit, action or proceeding has been brought in an inconvenient forum. The Issuer and the Guarantors agree that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Issuer or any Guarantor, as the case may be, and may be enforced in any court to the jurisdiction of which the Issuer or any Guarantor, as the case may be, are subject by a suit upon such judgment; *provided* that service of process is effected upon the Issuer or any Guarantor, as the case may be, in the manner provided by this Indenture. Each of the Issuer and the Guarantors not resident in the United States has appointed CT Corporation System, with offices on the date hereof at 111 Eighth Avenue, New York, New York 10011, or any successor so long as such successor is resident in the United States and can act for this purpose, as its authorized agent (the "Authorized Agent"), upon whom process may be served in any suit, action or proceeding arising out of or based upon this Indenture, the Notes or the Note Guarantees or the transactions contemplated herein which may be instituted in any state or Federal court in the Borough of Manhattan, New York, New York, by any Holder or the Trustee, and expressly accepts the non-exclusive jurisdiction of any such court in respect of any such suit, action or proceeding. CT Corporation System has hereby accepted such appointment and has agreed to act as said agent for service of process, and the Issuer and the Parent Guarantor

agree to take any and all action, including the filing of any and all documents that may be necessary to continue such respective appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent shall be deemed, in every respect, effective service of process upon the Issuer and the Parent Guarantor. Notwithstanding the foregoing, any action involving the Issuer or the Parent Guarantor arising out of or based upon this Indenture, the Notes or the Note Guarantees may be instituted by any Holder or the Trustee or the Security Agent in any other court of competent jurisdiction. The Issuer expressly consents to the jurisdiction of any such court in respect of any such action and waives any other requirements of or objections to personal jurisdiction with respect thereto and waives any right to trial by jury.

SECTION 12.09. No Recourse Against Others. A director, officer, employee, incorporator, member or shareholder, as such, of the Issuer or any Guarantor shall not have any liability for any obligations of the Issuer or any Guarantor under this Indenture, the Notes or any Note Guarantee or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Notes. Such waiver and release may not be effective to waive liabilities under the U.S. federal securities laws.

SECTION 12.10. Successors. All agreements of the Issuer and any Guarantor in this Indenture and the Notes shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 12.11. Counterparts. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture. The exchange of copies of this Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

SECTION 12.12. Table of Contents, Cross-Reference Sheet and Headings. The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

SECTION 12.13. Severability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.14. Currency Indemnity. Any payment on account of an amount that is payable in U.S. dollars (the "Required Currency") which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "Judgment Currency"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor's obligation under this Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of the Required Currency with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

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IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

ISSUER:

SILVERSEA CRUISE FINANCE LTD.

By: /s/ Roberto Martinoli

Name: Roberto Martinoli

Title: Director

[Signature Page to Indenture]

CITIBANK, N.A., LONDON BRANCH,
as Trustee, Principal Paying Agent, Transfer Agent
and Security Agent

By: /s/ Beth Kuhn

Name: Beth Kuhn
Title: Vice President

CITIGROUP GLOBAL MARKETS DEUTSCHLAND AG,
as Registrar

By: /s/ Werner Klotz

Name: Werner Klotz
Title:

By: /s/ Gabriele Fisch

Name: Gabriele Fisch
Title:

[Signature Page to Indenture]

SUBSIDIARY GUARANTORS

First Escrow Release Subsidiary Guarantors

| Entity | Jurisdiction |
|------------------------------------|----------------|
| Silversea Cruises Ltd. | The Bahamas |
| Silver Cloud Shipping Co. Ltd. | The Bahamas |
| Silver Wind Shipping Ltd. | The Bahamas |
| Silver Shadow Shipping Co. Ltd. | The Bahamas |
| Silver Spirit Shipping Co. Ltd. | The Bahamas |
| Silversea New Build Six Ltd. | The Bahamas |
| SG Expeditions Cyprus Limited | Cyprus |
| Canodros C.L. | Ecuador |
| SG Expeditions SAGL | Switzerland |
| SG Cruises GmbH | Switzerland |
| Silversea Cruises (Europe) Limited | United Kingdom |
| Silversea Cruises (UK) Limited | United Kingdom |

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SECURITY DOCUMENTS

Within 30 days of the First Escrow Release Date (or (i) with respect to the *Silver Galapagos* only, within 60 days of the First Escrow Release Date and (ii) with respect to the *Silver Shadow* only, within 90 days of the First Escrow Release Date), the Security Agent shall have received, in form and substance as shall be reasonably satisfactory to the Security Agent and its counsel, (a) with respect to each Collateral Vessel, a certified copy of all flag, classification, trading and custody transfer certificates showing such Collateral Vessel to be in class without recommendation, condition or qualification; (b) evidence that (i) the title to each of the Collateral Vessels that is owned by a Guarantor is owned by the applicable Guarantor free and clear of all liens, encumbrances, claims, rights of detention, mortgages, security interests and defects and imperfections of title, except for Permitted Liens, and (ii) each of the Collateral Vessels has been duly registered in the name of its owner under the laws and regulations and flag of the nation of its registration; and (c) a certified copy of all current insurance policies in respect of each Collateral Vessel in form and substance reasonably satisfactory to the Security Agent.

In addition, within 30 days of the First Escrow Release Date, the Security Agent shall have received, in form and substance as shall be reasonably satisfactory to the Security Agent and its counsel, the following duly executed additional security documents:

1. Bahamian law debenture encompassing all assets by and among Silversea Cruises Ltd. and the Security Agent;
2. Bahamian law debenture encompassing all assets by and among the Parent Guarantor and the Security Agent;
3. Bahamian law debenture encompassing all assets by and among the Issuer and the Security Agent;
4. Bahamian law debenture encompassing all assets by and among Silver Cloud Shipping Co. Ltd. and the Security Agent;
5. Bahamian law debenture encompassing all assets by and among Silver Wind Shipping Ltd. and the Security Agent;
6. Bahamian law debenture encompassing all assets by and among Silver Shadow Shipping Co. Ltd. and the Security Agent;
7. Bahamian law debenture encompassing all assets by and among Silver Spirit Shipping Co. Ltd. and the Security Agent;
8. Bahamian law debenture encompassing all assets by and among Silversea New Build Six Ltd. and the Security Agent;
9. Bahamian law share pledge over the shares of the Issuer by and among the Parent Guarantor and the Security Agent;
10. Bahamian law share pledge over the shares of Silversea Cruises Ltd. by and among the Issuer and the Security Agent;
11. Bahamian law share pledge over the shares of Silver Cloud Shipping Co. Ltd. by and among the Issuer and the Security Agent;

12. Bahamian law share pledge over the shares of Silver Wind Shipping Ltd. by and among the Issuer and the Security Agent;
13. Bahamian law share pledge over the shares of Silver Shadow Shipping Co. Ltd. by and among the Issuer and the Security Agent;
14. Bahamian law share pledge over the shares of Silver Spirit Shipping Co. Ltd. by and among the Issuer and the Security Agent;
15. Bahamian law share pledge over the shares of Silversea New Build Six Ltd. by and among the Issuer and the Security Agent;
16. Cypriot share pledge over the shares of SG Expeditions Cyprus Ltd. by and among Silversea Cruises Ltd. and the Security Agent;
17. English law all-asset debenture, including a share pledge over the shares in Silversea Cruises (UK) Ltd. by and among Silversea Cruises (UK) Limited, Silversea Cruises (Europe) Limited and the Security Agent;
18. English law share pledge over the shares of Silversea Cruises (Europe) Limited by and among Silversea Cruises Ltd. and the Security Agent;
19. English law general assignment agreement and deed of covenants, including an assignment of insurances in respect of Collateral Vessels, intercompany receivables and relevant contracts by and among Silversea Cruises Ltd, Silver Cloud Shipping Co. Ltd., Silver Wind Shipping Ltd., Silver Shadow Shipping Co. Ltd., Canodros C.L., Silver Spirit Shipping Co. Ltd., the Parent Guarantor, the Issuer, SG Expeditions Cyprus Limited, SG Expeditions SAGL, Silversea Cruises (Europe) Limited, Silversea Cruises (UK) Limited, Silversea New Build Six Ltd., SG Cruises GmbH and the Security Agent;
20. English law bank account charge agreement by and among the Issuer and the Security Agent;
21. English law bank account charge agreement by and among Silversea Cruises Ltd. and the Security Agent;
22. New York law security agreement over bank accounts by and among Silversea Cruises Ltd. and the Security Agent;
23. Swiss quota pledge over the shares in SG Expeditions SAGL by and among SG Expeditions Cyprus Ltd. and the Security Agent;
24. Swiss law Charge over bank accounts claims in Switzerland by and among SG Cruises GmbH and the Security Agent;
25. Swiss law quota pledge over the shares in SG Cruises GmbH by and among SG Expeditions SAGL and the Security Agent; and
26. Swiss law Charge over bank accounts claims in Switzerland by and among SG Expeditions SAGL and the Security Agent.

Within 60 days of the First Escrow Release Date, the Security Agent shall have received, in form and substance as shall be reasonably satisfactory to the Security Agent and its counsel, a power of attorney pertaining to all the issued shares of Canodros C.L..

Vessel Mortgages

(A) Within 30 days of the First Escrow Release Date (or, with respect to the *Silver Shadow* only, within 90 days of the First Escrow Release Date), the Security Agent shall have received, in form and substance as shall be reasonably satisfactory to the Security Agent and its counsel, with respect to each Collateral Vessel registered under the laws and regulations and flag of the Commonwealth of The Bahamas, (x) a duly executed original first priority ship mortgage granted by the relevant Guarantor in favor of the Security Agent and deed of covenant collateral thereto, together with evidence that such mortgage has been duly recorded in the applicable shipping registry of the Commonwealth of The Bahamas and that all taxes and fees payable in respect of such Collateral Vessel and mortgage have been paid in full; (y) a duly executed first priority assignment of, amongst other things, earnings, insurances and any requisition compensation granted by the relevant Guarantor in favor of the Security Agent; and (z) duly executed and, where necessary, notarized notices of assignment of the insurances and requisition compensation pertaining to such Collateral Vessel.

(B) Within 60 days of the First Escrow Release Date the Security Agent shall have received, in form and substance as shall be reasonably satisfactory to the Security Agent and its counsel, with respect to the *Silver Galapagos*, (x) a duly executed original first priority ship mortgage granted by Canodros C.L. in favor of the Security Agent and deed of covenant collateral thereto, together with evidence that such mortgage has been duly recorded in the applicable shipping registry of the Republic of Ecuador and that all taxes and fees payable in respect of such Collateral Vessel and mortgage have been paid in full; (y) a duly executed first priority assignment of, amongst other things, earnings, insurances and any requisition compensation granted by Canodros C.L. in favor of the Security Agent; and (z) duly executed and, where necessary, notarized notices of assignment of the insurances and requisition compensation pertaining to such Collateral Vessel.

(C) Within 60 days of the Second Escrow Release Date, the Security Agent shall have received, in form and substance as shall be reasonably satisfactory to the Security Agent and its counsel, with respect to the *Silver Muse*, (x) a duly executed original first priority ship mortgage granted by Silversea New Build Six Ltd. in favor of the Security Agent and deed of covenant collateral thereto, together with evidence that such mortgage has been duly recorded in the applicable shipping registry of the Commonwealth of The Bahamas and that all taxes and fees payable in respect of such Collateral Vessel and mortgage have been paid in full; (y) a duly executed first priority assignment of, amongst other things, earnings, insurances and any requisition compensation granted by Silversea New Build Six Ltd. in favor of the Security Agent; and (z) duly executed and, where necessary, notarized notices of assignment of the insurances and requisition compensation pertaining to such Collateral Vessel.

Post-Closing Legal Opinions

Concurrently with the receipt of the applicable security documents listed above, the Security Agent shall have received opinions, addressed to the Security Agent, the Trustee and the Initial Purchasers, of (i) Higgs & Johnson, counsel for the Initial Purchasers as to matters of Bahamian law, (ii) Polakis Sarris & Co LLC, counsel for the Issuer and the Guarantors as to matters of Cypriot law, (iii) Walder Wyss Ltd., counsel for the Issuer and the Guarantors as to matters of Swiss law, (vi) Allen & Overy LLP, counsel for the Initial Purchasers as to matters of English law, and (v) Gómez-Lince & Cia, counsel for the Initial Purchasers as to matters of Ecuadorian law, in each case, with respect to such matters as the Security Agent and the Trustee may reasonably request and in a form reasonably satisfactory to the Security Agent and the Trustee.

AGREED SECURITY PRINCIPLES**1. AGREED SECURITY PRINCIPLES**

The guarantees and security to be provided under and in connection with this Indenture will be given in accordance with the security and guarantee principles set out in this Schedule III (the "Agreed Security Principles").

2. GENERAL PRINCIPLES

- 2.1 The Agreed Security Principles embody a recognition by all parties that there may be certain legal and practical difficulties in obtaining effective guarantees and security from the Parent Guarantor and its Subsidiaries (collectively, the "Group") in certain jurisdictions. In particular:
- (a) general statutory limitations, capital maintenance, financial assistance, corporate benefit, fraudulent preference, "thin capitalisation" rules, retention of title claims, regulatory restrictions and similar principles may limit the ability of a member of the Group to provide a guarantee or security or may require that the guarantee and/or security be limited by an amount or otherwise; *provided* that the Group will use reasonable efforts to assist in demonstrating that adequate corporate benefit accrues to the Group and each relevant Guarantor, it being acknowledged that reasonable efforts shall not require the payment by the Parent Guarantor or the relevant company of any monetary consent or waiver excluding any reasonable legal fees that may be payable. If any such limit applies, the guarantees and security provided will be limited to the maximum amount which the relevant member of the Group may provide having regard to applicable law;
 - (b) a factor in determining whether or not security shall be taken is the applicable cost which shall not be disproportionate to the benefit to the Holders (or any other beneficiary of the security) of obtaining such security. For these purposes, "cost" includes, but is not limited to, income or corporate tax cost, registration taxes payable on the creation or enforcement or for the continuance of any security, notary costs, stamp duties, out-of-pocket expenses and other fees and expenses directly incurred by the relevant grantor of security or any of its direct or indirect owners, subsidiaries or Affiliates;
 - (c) except in the case of the Guarantors, unless each consent required by law, statute, the terms of any applicable contract, instrument or constitutional document or otherwise from the minority shareholders in, or any relevant corporate body of, any member of the Group which is not wholly owned (directly or indirectly) by another member of the Group is obtained, such member shall not be required to grant guarantees and security; *provided* that the relevant company and the Parent Guarantor have used reasonable efforts to obtain such consent, it being acknowledged that reasonable efforts shall not require the payment by the Parent Guarantor or the relevant company of any monetary consent or waiver excluding any reasonable legal fees that may be payable;
 - (d) guarantees should not be granted and security shall not be created or perfected to the extent that it would result in a risk to the directors or officers of the relevant grantor of such guarantee and security being in contravention of any statutory duty in such capacity or their fiduciary duties and/or which could reasonably be expected to result in personal, civil or criminal liability on the part of any such director or officer; *provided* that the relevant member of the Group shall use reasonable efforts to overcome any such obstacle, it being acknowledged that reasonable efforts shall not require the payment by the Parent Guarantor or the relevant company of any monetary consent or waiver;

- (e) any assets (other than, for the avoidance of doubt, any Collateral Vessels) subject to third party arrangements (including shareholder agreements or joint venture agreements) which are permitted by the terms of the Indenture and which would prevent or prohibit those assets from being subject to legal, valid, binding and enforceable security will be excluded from the security created by any relevant security document; *provided* that the relevant member of the Group has used reasonable efforts to obtain any necessary consent or waiver if the asset is material, it being acknowledged that reasonable efforts shall not require the payment by the Parent Guarantor or the relevant company of any monetary consent or waiver excluding any reasonable legal fees that may be payable;
- (f) where a class of assets to be secured includes material and immaterial assets, if the cost of granting security over the immaterial assets is disproportionate to the benefit of such security, security will be granted over the material assets only;
- (g) the giving of a guarantee, the granting of security or the perfection of the security granted will not be required if:
 - (i) it has or is reasonably likely to have a material adverse effect on the ability of the relevant member of the Group to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture; or
 - (ii) it has or is reasonably likely to have a material adverse effect on the tax arrangements of the Group or any member of the Group,*provided* that, in each case, the relevant member of the Group shall use reasonable efforts to overcome such obstacle. The secured and guaranteed obligations will be limited where necessary to prevent any material additional tax liability of any member of the Group;
- (h) in the case of any security granted by any member of the Group, no fixed security will be given over inventory, receivables (other than receivables in respect of intra-group loans, hedging and insurance (excluding for these purposes any insurance policy in relation to a Collateral Vessel which are addressed in paragraph 8.2 of these Agreed Security Principles below)) or non-material intellectual property rights which instead in each case shall be subject to floating security to the extent applicable under the laws of the jurisdiction governing the relevant security agreement. Nothing in this paragraph will restrict any provision permitting the crystallisation of any floating charge in certain circumstances as set out in the Security Documents; and
- (i) other than in respect of (i) the registration of the mortgages in respect of the Collateral Vessels with the relevant ship registry and (ii) any other notifications expressly contemplated in these Agreed Security Principles, no perfection action will be required in jurisdictions in which Guarantors are not located.

3. GUARANTEES AND SECURITY

Each guarantee will be an upstream, cross-stream and downstream guarantee and each guarantee and security will be for all liabilities of the relevant members of the Group under the Notes and the Indenture, in accordance with, and subject to, the requirements of the Agreed Security Principles in each relevant jurisdiction.

4. TERMS OF SECURITY DOCUMENTS

- 4.1 Security will be first ranking, to the extent possible.
- 4.2 Security shall (to the extent legally possible, subject to the general principles above) be created in favor of the Security Agent, the Trustee and the Holders or the Security Agent on behalf of or as trustee for the Trustee and the Holders (as considered appropriate by counsel to the Security Agent), to secure all of the

obligations of the party giving the relevant security as well as all liabilities under the Indenture and the Notes (to the extent permitted by local law) and *provided* that “parallel debt” provisions may be used where necessary.

- 4.3 The security documents should only operate to create security rather than to impose new commercial obligations. Accordingly, representations and undertakings (such as in respect of insurance, maintenance of assets, information or the payment of costs) shall be strictly limited to those necessary for the creation and/or perfection of the security, will not unreasonably interfere with the normal running of the business and shall not be included to the extent the subject matter thereof is the same as a corresponding undertaking in the Agreement and shall not operate so as to prevent transactions which are otherwise permitted under the Agreement or to require additional consents or authorizations or to impose commercial obligations.
- 4.4 If a member of a Group grants security over any asset it shall, subject to the terms of the Indenture and the Notes, be free to deal with that asset in the ordinary course of its business until a Declared Default (as defined below) has occurred.
- 4.5 The following principles will be reflected in the terms of any security taken as part of this transaction:
- (a) security will not be enforceable in respect of the Notes until an Event of Default has occurred in respect of which the Notes are being accelerated (a “Declared Default”);
 - (b) information, such as lists of assets, will be provided if, in the opinion of counsel to the Security Agent, these are required by local law to be provided to perfect or register the security or to ensure the security can be enforced and, unless in the opinion of counsel to the Security Agent required to be provided by local law more frequently, be provided annually or, following an Event of Default which is continuing, on the Security Agent’s reasonable request; and
 - (c) each of the Trustee, the Security Agent and the Holders should only be able to exercise any power of attorney granted to it under the security documents: (i) following a Declared Default; or (ii) if the relevant chargor has failed to perform an obligation under a security document and such failure has not been remedied within ten (10) Business Days of the Security Agent requiring it to be so remedied.

5. BANK ACCOUNTS

- 5.1 Subject to paragraph 5.3 below, if required by local law to perfect the security, notice of the security will be served on the account bank within ten (10) Business Days of the security being granted and the relevant member of the Group shall use its reasonable efforts to obtain an acknowledgement of that notice within twenty (20) Business Days of service. If the relevant member of the Group has used its reasonable efforts but has not been able to obtain acknowledgement its obligation to obtain acknowledgement shall cease on the expiry of that twenty (20) Business Day period. Irrespective of whether notice of the security is required for perfection, if the service of notice would prevent the relevant member of the Group from using a bank account in the ordinary course of its business no notice of security shall be served until a Declared Default has occurred. There will be no restriction on the closure of any bank accounts which are no longer required by the Group.
- 5.2 Any security over bank accounts shall be subject to any prior security interests in favor of the account bank which are created either by law or in the standard terms and conditions of the account bank. The notice of security may request these are waived or subordinated by the account bank but the Guarantor shall not be required to change its banking arrangements if these security interests are not waived or subordinated or only partially waived or subordinated.
- 5.3 The Security Agent shall be entitled, at any time, to notify the relevant account bank of the security interest in a bank account where such security is granted under a Security Document governed by Swiss law, if and

to the extent the Security Agent deems such notification reasonably necessary for protecting and pursuing the Security Agent's rights and the Liens created under such Security Document.

6. REAL ESTATE

6.1 No fixed security will be given over leasehold interests of less than ten (10) years unless there is an option to acquire the freehold and where the freehold will have a value in excess of \$1,000,000 (or its equivalent

in other currencies), in which case security will be given at the time of the exercise of that option.

6.2 There will be no obligation to investigate title, provide surveys or other insurance or environmental due diligence.

6.3 There will be no obligation to obtain any landlord's consent required to grant security over real estate.

7. VESSEL MORTGAGES

7.1 Each mortgage in respect of a Collateral Vessel must be accompanied by a deed of covenants collateral thereto and be duly recorded in the relevant ship registry of a Permitted Jurisdiction as soon as possible following the Relevant Date (as defined below) but no later than two (2) Business Days thereafter and all related taxes and fees must be paid at least one (1) Business Day prior to the Relevant Date or such other period as requested by the mortgagee.

7.2 In addition to the mortgage and deed of covenants over a Collateral Vessel, the vessel security shall include: (i) an assignment of insurances, earnings and requisition compensation, (ii) a deed of charge over the shares in the owner and its immediate holding company, (iii) a deed of assignment and subordination entered into by the bareboat charterer, (iv) for those Collateral Vessels with a manager, a managers undertaking letter addressed to the mortgagee (in a form typical for the Collateral Vessel which shall include an assignment of the manager's interest in any insurances and a subordination of any claims of the manager against the owner following a Declared Default) and (v) a letter of instruction to the classification society (in a form typical for the Collateral Vessel).

7.3 The earnings of the Collateral Vessels shall be assigned under a general assignment and if a ship is operated under a time or bareboat charterparty or capacity purchase agreement or similar agreement (excluding any space allotment agreement or time charter of one hundred and twenty (120) days or less), the general assignment shall include an assignment of the rights of the owner, or charterparty as the case may be, under that charterparty. The charterer of a ship may be instructed to pay the hire due to the Guarantor directly to the Security Agent following receipt of a notice from the Security Agent after a Declared Default.

7.4 In this paragraph 7:

"Relevant Date" means:

- (a) in respect of the mortgages of the Collateral Vessels known as *Silver Cloud*, *Silver Wind*, and *Silver Spirit*, the Issue Date;
- (b) in respect of the mortgage of the Collateral Vessel known as *Silver Galapagos*, twenty-five (25) Business Days after the Issue Date;
- (c) in respect of a mortgage in respect of the *Silver Shadow*, the date that the *Silver Shadow* is acquired by a Group Member; and
- (d) in respect of any other mortgage, the delivery date of the Vessel or the date on which the Vessel is re-flagged (as applicable).

8. INSURANCE POLICIES

8.1 The insurance policies over a Collateral Vessel will cover marine risks to its hull and machinery, war risks and liability risks on an agreed value basis for an amount which is greater from time to time of (A) the relevant Vessel's full market value and (B) an amount which (when aggregated with the amounts for which all other Collateral Vessels which are similarly insured) equals one hundred and twenty per cent (120%) of the aggregate amount of the Credit Facility Commitments, the Bond And Other Secured Debt Liabilities and all other drawn amounts under any other Credit Facility Documents and Bond And Other Secured Debt Documents (in each case as such term is defined in the Intercreditor Agreement). These policies shall be assigned and the insurers instructed to pay out claims proceeds into a blocked account (with the relevant withdrawal permissions) held in the name of the relevant debtor situated in England or, with the prior written consent of the Security Agent, to the debtor. Each Collateral Vessel shall remain entered in a protection and indemnity association in both protection and indemnity classes, or remain otherwise insured against protection and indemnity risk and liabilities.

8.2 In relation to any insurance policy other than those relating to a Collateral Vessel:

- (a) if required by local law to perfect the security or to exclude the possibility that the debtor pays to the relevant member of the Group with discharging effect, notice of the security will be served on the insurance provider within ten (10) Business Days of the security being granted and the relevant member of the Group shall use its reasonable efforts to obtain an acknowledgement of that notice within twenty (20) Business Days of service. If the relevant member of the Group has used its reasonable efforts but has not been able to obtain acknowledgement its obligation to obtain acknowledgement shall cease on the expiry of that twenty (20) Business Day period; and
- (b) no loss payee or other endorsement shall be made on the insurance policy.

8.3 In relation to any insurance policy relating to a Vessel:

- (a) notice of the security will be served on the insurance provider within ten (10) Business Days of the security being granted;
- (b) the relevant member of the Group shall use its reasonable efforts to obtain a loss payee or other endorsement or, in the case of entries in a protection and indemnity association, a note of the as-signee's interest made on the insurance policy; and
- (c) the relevant member of the Group shall use its reasonable efforts to obtain a letter of undertaking issued to the assignee by the broker(s) through whom the relevant policy is placed (or, in the case of entries in protection and indemnity or war risks associations, by their managers).

If the relevant member of the Group has used its reasonable efforts to ensure the obligation in either (b) or (c) of this paragraph 8.3 for a period of six (6) weeks from the serving of the notice as required by (a) above but its obligation remains unfulfilled, such obligation to obtain the loss payee endorsement, note of assignment or letter of undertaking (as applicable) shall cease on the expiry of six (6) week period.

9. INTELLECTUAL PROPERTY

9.1 No security shall be granted over any intellectual property which cannot be secured under the terms of the relevant licensing agreement. No notice shall be prepared or given to any third party from whom intellectual property is licensed until a Declared Default has occurred.

9.2 The security documents will not provide for registration of the security over intellectual property outside of the jurisdiction of incorporation of the relevant obligor unless otherwise agreed.

10. TRADE RECEIVABLES

- 10.1 Subject to paragraph 10.2 below, no notice of security may be prepared or served until the occurrence of a Declared Default.
- 10.2 The Security Agent shall be entitled, at any time, to notify the relevant debtors of the security interest in the trade receivables where such security is granted under a Security Document governed by Swiss law, if and to the extent the Security Agent deems such notification reasonably necessary for protecting and pursuing the Security Agent's rights and the security interest created under such Security Document.
- 10.3 No security will be granted over any trade receivables which cannot be secured under the terms of the relevant contract.

11. SHARES AND PARTNERSHIP INTERESTS

- 11.1 Until a Declared Default has occurred, the securing person will be permitted to retain dividends and other payments to which they may be entitled as shareholders or partners and to exercise voting rights to any shares or partnership interests pledged by it in a manner which does not adversely affect the validity or enforceability of the security or cause an Event of Default to occur and the company whose shares or partnership interests have been pledged will, subject to the terms of the Indenture, be permitted to pay dividends.
- 11.2 Unless the restriction is required or advisable by law, the constitutional documents of the company whose shares have been charged will be amended to remove any restriction on the transfer or the registration of the transfer of the shares on enforcement of the security granted over them and/or pre-emption rights to the extent these would materially and adversely affect the security interests created under the Security Documents.

13. FIXED DOCUMENTS

- 13.1 If a Group Member grants a security interest over its fixed assets it shall be free to deal with those assets, subject to the terms of the Indenture, in the course of its business until a Declared Default.
- 13.1 No notice whether to third parties or by attaching a notice to the fixed assets shall be prepared or given until a Declared Default.

14. INTERCOMPANY RECEIVABLES

If required by local law to perfect the security, notice of the security will be served on the relevant lender within ten (10) Business Days of the security being granted and the relevant member of the Group shall use its best endeavors to obtain an acknowledgement of that notice with twenty (20) Business Days of service. If the relevant member of the Group has used its reasonable efforts but has not been able to obtain acknowledgement its obligation to obtain acknowledgement shall cease on the expiry of that twenty (20) Business Day period. If the service of notice would prevent the member of the Group from dealing with an intercompany receivable in the course of its business no notice of security shall be served until the occurrence of a Declared Default.

GUARANTEE LIMITATIONS

None.

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[FORM OF FACE OF NOTE]

SILVERSEA CRUISE FINANCE LTD.

[If Regulation S Global Note – CUSIP Number [•]¹ / ISIN [•]²][If Restricted Global Note – CUSIP Number [•]³ / ISIN [•]⁴]

No. [•]

[Include if Global Note — UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE AND IS REGISTERED IN THE NAME OF DTC OR A NOMINEE OF DTC OR A SUCCESSOR DEPOSITARY. THIS NOTE IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN DTC OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.]

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER”(AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS A NON-U.S. PERSON ACQUIRING THIS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 144A OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED NOTES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST

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- 1 Issue Date Regulation S CUSIP: P9000L AA5
 - 2 Issue Date Regulation S ISIN: USP9000LAA54
 - 3 Issue Date Rule 144A CUSIP: 82845L AA8
 - 4 Issue Date Rule 144A ISIN: US82845LAA89

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DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE)) [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE DATE WHEN THE NOTES WERE FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS IN RELIANCE ON REGULATION S AND THE DATE OF THE COMPLETION OF THE DISTRIBUTION] ONLY (A) TO THE ISSUER OR THE PARENT GUARANTOR, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES THAT IT SHALL NOT TRANSFER THE SECURITIES IN AN AMOUNT LESS THAN \$2,000.

7.250% SENIOR SECURED NOTE DUE 2025

Silversea Cruise Finance Ltd., a limited liability company incorporated under the laws of the Commonwealth of The Bahamas, for value received, promises to pay to [•] or registered assigns the principal sum of \$[•] (as such amount may be increased or decreased as indicated in Schedule A (Schedule of Principal Amount in the Global Note) of this Note) on February 1, 2025.

From [•], 20[•] or from the most recent interest payment date to which interest has been paid or provided for, cash interest on this Note will accrue at 7.250%, payable semi-annually on February 1 and August 1 of each year, beginning on [•], to the Person in whose name this Note (or any predecessor Note) is registered at the close of business on the preceding January 15 or July 15, as the case may be.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature of an authorized signatory, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and to the provisions of the Indenture, which provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, Silversea Cruise Finance Ltd. has caused this Note to be signed manually or by facsimile by its duly authorized signatory.

Dated: [•], 20[•]

SILVERSEA CRUISE FINANCE LTD.

By: _____
Name:
Title:

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CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the Indenture.

CITIBANK, N.A., LONDON BRANCH,
as Trustee

By: _____
Authorized Officer

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1. Interest

Silversea Cruise Finance Ltd., a limited liability company incorporated under the laws of the Commonwealth of The Bahamas (together with its successors and assigns under the Indenture, the “Issuer”), for value received, promises to pay interest on the principal amount of this Note from [●], 20[●] at the rate per annum shown above. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Issuer shall pay interest on overdue principal at the interest rate borne by the Notes compounded semi-annually, and it shall pay interest on other overdue amounts at the same rate to the extent lawful. Any interest paid on this Note shall be increased to the extent necessary to pay Additional Amounts as set forth in this Note.

2. Additional Amounts

(a) All payments made by or on behalf of the Issuer or any of the Guarantors under or with respect to the Notes or any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If the Issuer, any Guarantor or any other applicable withholding agent is required by law to withhold or deduct any amount for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is or was incorporated, engaged in business, organized or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which any payment is made by or on behalf of the Issuer or any Guarantor (including, without limitation, the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each of (1) and (2), a “Tax Jurisdiction”) in respect of any payments under or with respect to the Notes or any Note Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received and retained in respect of such payments by each beneficial owner of Notes after such withholding or deduction will equal the respective amounts that would have been received and retained in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the Holder or the beneficial owner of the Notes (or a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant Holder, if the relevant Holder is an estate, trust, nominee, partnership, limited liability company or corporation) being or having been a citizen or resident or national of, or incorporated, engaged in a trade or business in, or having or having had a permanent establishment in, the relevant Tax Jurisdiction or having any other present or former connection with the relevant Tax Jurisdiction, other than any connection arising from the acquisition, ownership or disposition of Notes, the exercise or enforcement of rights under such Note, the Indenture or a Note Guarantee, or the receipt of payments in respect of such Note or a Note Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sale, transfer, personal property or similar Taxes;

(4) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or any Note Guarantee;

(5) any Taxes to the extent such Taxes would not have been imposed or withheld but for the failure of the Holder or beneficial owner of the Notes, following the Issuer’s reasonable written request addressed to the Holder at least 30 days before any such withholding or deduction would be imposed, to comply

with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the Holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the Holder or beneficial owner is legally eligible to provide such certification or documentation;

(6) any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a Holder or beneficial owner of the Notes to the extent such Taxes could have been avoided by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent;

(7) any Taxes imposed on or with respect to any payment by the Issuer or any of the Guarantors to the Holder if such Holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that such Taxes would not have been imposed on such payments had such Holder been the sole beneficial owner of such Note;

(8) any Taxes that are imposed pursuant to current Section 1471 through 1474 of the Internal Revenue Code of 1986, as amended (the "Code") or any amended or successor version that is substantively comparable and not materially more onerous to comply with, any regulations promulgated thereunder, any official interpretations thereof, any intergovernmental agreement between a non-U.S. jurisdiction and the United States (or any related law or administrative practices or procedures) implementing the foregoing or any agreements entered into pursuant to current Section 1471(b)(1) of the Code (or any amended or successor version described above); or

(9) any combination of clauses (1) through (8) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the Holder for any present or future stamp, issue, registration, value added, transfer, court or documentary Taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and additions to tax related thereto) which are levied by any jurisdiction on the execution, delivery, issuance, or registration of any of the Notes, the Indenture, any Note Guarantee or any other document referred to therein, or the receipt of any payments with respect thereto, or enforcement of, any of the Notes or any Note Guarantee (limited, solely in the case of Taxes attributable to the receipt of any payments, to any such Taxes imposed in a Tax Jurisdiction that are not excluded under clauses (1) through (3) or (5) through (9) above or any combination thereof).

(b) If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to Holders on the relevant payment date. The Issuer or the relevant Guarantor will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee shall be entitled to rely absolutely on an Officer's Certificate as conclusive proof that such payments are necessary.

(c) The Issuer or the relevant Guarantor, if it is the applicable withholding agent, will make all withholdings and deductions (within the time period) required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee (or to a Holder upon request), within 60 days after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts

to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity.

(d) Whenever in the Indenture or this Note there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

(e) The preceding obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer (or any Guarantor) is incorporated, engaged in business, organized or resident for tax purposes, or any jurisdiction from or through which payment is made under or with respect to the Notes (or any Note Guarantee) by or on behalf of such Person and, in each case, any political subdivision thereof or therein.

3. Method of Payment

The Issuer shall pay interest on this Note (except defaulted interest) to the Holder at the close of business on the Record Date for the next Interest Payment Date even if this Note is cancelled after the Record Date and on or before the Interest Payment Date. The Issuer shall pay principal and interest in dollars in immediately available funds that at the time of payment is legal tender for payment of public and private debts; *provided* that payment of interest may be made at the option of the Issuer by check mailed to the Holder.

The amount of payments in respect of interest on each Interest Payment Date shall correspond to the aggregate principal amount of Notes represented by this Note, as established by the Registrar at the close of business on the relevant Record Date. Payments of principal shall be made upon surrender of this Note to the Paying Agent.

4. Paying Agent and Registrar

Initially, Citibank, N.A., London Branch or one of its affiliates will act as Principal Paying Agent and Citigroup Global Markets Deutschland AG will act as Registrar. The Issuer or any of its Affiliates may act as Paying Agent, Registrar or co-Registrar.

5. Indenture

The Issuer issued this Note under an indenture dated as of January 30, 2017 (as amended, supplemented or otherwise modified from time to time, the "Indenture"), among, *inter alios*, the Issuer and Citibank, N.A., London Branch, as trustee (the "Trustee") and as Security Agent. The terms of this Note include those stated in the Indenture. Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.

The Indenture imposes certain limitations on the Issuer, the Guarantors and their Affiliates, including, without limitation, limitations on the incurrence of indebtedness and issuance of stock, the payment of dividends and other payment restrictions affecting the Parent Guarantor and its Restricted Subsidiaries, the sale of assets, transactions with and among Affiliates of the Parent Guarantor and the Restricted Subsidiaries, Change of Control and Liens.

6. Optional Redemption

(a) At any time prior to February 1, 2020, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture, upon giving not less than 10 nor more than 60 days' notice, at a redemption price equal to 107.250% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of Holders

of the Notes on the relevant Record Date to receive interest on the relevant Interest Payment Date), with the net cash proceeds of an Equity Offering; *provided* that: (1) at least 65% of the aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Parent Guarantor and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and (2) the redemption occurs within 120 days of the date of the closing of such Equity Offering.

(b) At any time prior to February 1, 2020, the Issuer may on any one or more occasions redeem all or a part of the Notes, upon giving not less than 10 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium (as calculated by the Issuer) as of, and accrued and unpaid interest and Additional Amounts, if any, to, the date of redemption, subject to the rights of Holders of the Notes on the relevant Record Date to receive interest due on the relevant Interest Payment Date.

"Applicable Premium" means, with respect to any Note on any redemption date, the greater of: (1) 1.0% of the principal amount of the Note; and (2) the excess of: (a) the present value at such redemption date of (i) the redemption price of the Note at February 1, 2020, (such redemption price being set forth in the table appearing below in paragraph (d)) *plus* (ii) all required interest payments due on the Note through February 1, 2020 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over (b) the principal amount of the Note. Calculation of the Applicable Premium is not an obligation or duty of the Trustee or the Registrar or any Paying Agent under the Indenture.

"Treasury Rate" means, as of any redemption date, the weekly average rounded to the nearest 1/100th of a percentage point (for the most recently completed week for which such information is available as of the date that is two Business Days prior to the redemption date) of the yield to maturity of United States Treasury Securities with a constant maturity (as compiled and published in Federal Reserve Statistical Release H.15 with respect to each applicable day during such week or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to February 1, 2020; *provided, however*, that if the period from the redemption date to February 1, 2020 is not equal to the constant maturity of a United States Treasury Security for which such a yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury Securities for which such yields are given, except that if the period from the redemption date to February 1, 2020 is less than one year, the weekly average yield on actually traded United States Treasury Securities adjusted to a constant maturity of one year shall be used.

(c) Except as provided in paragraphs (a) and (b) above and except pursuant to paragraph 7 of this Note, the Notes are not redeemable at the Issuer's option prior to February 1, 2020.

(d) On or after February 1, 2020, the Issuer may on any one or more occasions redeem all or a part of the Notes, upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on February 1 of the years indicated below, subject to the rights of Holders of the Notes on the relevant Record Date to receive interest on the relevant Interest Payment Date:

| <u>Year</u> | <u>Redemption Price</u> |
|---------------------|-------------------------|
| 2020 | 105.438% |
| 2021 | 103.625% |
| 2022 | 101.813% |
| 2023 and thereafter | 100.000% |

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

7. Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders of the Notes (which notice shall be irrevocable and given in accordance with the procedures set forth under Section 3.04 of the Indenture), at a Redemption Price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "Tax Redemption Date") and all Additional Amounts (if any) then due or which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of Holders on the relevant Record Date to receive interest due on the relevant Interest Payment Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or Note Guarantee, the Issuer or any Guarantor is or would be required to pay Additional Amounts (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts), and the Issuer or the relevant Guarantor cannot avoid any such payment obligation by taking reasonable measures available (including, for the avoidance of doubt, appointment of a new Paying Agent but excluding the reincorporation or reorganization of the Issuer or any Guarantor), and the requirement arises as a result of: (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the relevant Tax Jurisdiction which change or amendment is announced and becomes effective after the date of the Offering Memorandum (or if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of the Offering Memorandum, after such later date); or (2) any change in, or amendment to, the official application, administration or interpretation of such laws, regulations or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction or a change in published practice), which change or amendment is announced and becomes effective after the date of the Offering Memorandum (or if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of the Offering Memorandum, after such later date) (each of the foregoing clauses (1) and (2), a "Change in Tax Law").

The Issuer shall not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to make such payment or Additional Amounts if a payment in respect of the Notes or Note Guarantee were then due and at the time such notice is given, the obligation to pay Additional Amounts must remain in effect. Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer shall deliver the Trustee an opinion of independent tax counsel of recognized standing qualified under the laws of the relevant Tax Jurisdiction (which counsel shall be reasonably acceptable to the Trustee) to the effect that there has been a Change in Tax Law which would entitle the Issuer to redeem the Notes hereunder. In addition, before the Issuer mails notice of redemption of the Notes as described above, it shall deliver to the Trustee an Officer's Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by the Issuer or the relevant Guarantor taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions as described above, in which event it will be conclusive and binding on all of the Holders.

The foregoing provisions of this paragraph 7 will apply, *mutatis mutandis*, to any successor of the Issuer (or any Guarantor) with respect to a Change in Tax Law occurring after the time such Person becomes successor to the Issuer (or any Guarantor).

8. Notice of Redemption

Notice of redemption will be mailed first-class postage prepaid at least 30 days but not more than 60 days before the Redemption Date to the Holder of this Note to be redeemed at the addresses contained in the Security Register, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. If this Note is in a denomination larger than \$2,000 of principal amount at maturity it may be redeemed in part but only in integral multiples of \$1,000 at maturity. In the event of a redemption of less than all of the Notes, the Notes for redemption will be chosen by the Trustee in accordance with the Indenture. If this Note is redeemed subsequent to a Record Date with respect to any Interest Payment Date specified above, then any accrued interest will be paid to the Holder at the close of business on such Record Date. If money sufficient to pay the Redemption Price of and accrued interest on all Notes (or portions thereof) to be redeemed on the Redemption Date is deposited with the applicable Paying

Agent on or before the Redemption Date and certain other conditions are satisfied, interest ceases to accrue on such Notes (or such portions thereof) called for redemption on or after such date.

9. Repurchase at the Option of Holders

If a Change of Control occurs at anytime, the Holder of this Note will have the right to require the Issuer to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of this Note pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer shall offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the Change of Control Purchase Date, subject to the rights of Holders on the relevant Record Date to receive interest due on the relevant Interest Payment Date; *provided* that the Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer or (2) a notice of redemption has been given pursuant to paragraph 6 above, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein or in the Indenture, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made. The Issuer shall purchase all Notes properly and timely tendered in the Change of Control Offer and not withdrawn in accordance with the procedures set forth in such notice. The Change of Control Offer will state, among other things, the procedures that Holders of the Notes must follow to accept the Change of Control Offer.

When the aggregate amount of Excess Proceeds exceeds \$20.0 million, within ten Business Days thereof, the Issuer will make an offer (an “Asset Sale Offer”) to all Holders and may make an offer to all holders of other Indebtedness that is secured by a Lien on the Collateral and that is *pari passu* with the Notes or any Note Guarantees with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets or events of loss to purchase, prepay or redeem the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of Holders on the relevant Record Date to receive interest due on the relevant Interest Payment Date, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and such other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a *pro rata* basis (or in the manner provided in the Indenture), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

10. Denominations

The Notes (including this Note) are in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof of principal amount at maturity. The transfer of Notes (including this Note) may be registered, and Notes (including this Note) may be exchanged, as provided in the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture.

11. Unclaimed Money

All moneys paid by the Issuer or the Guarantors to the Trustee or a Paying Agent for the payment of the principal of, or premium, if any, or interest on, this Note or any other Note that remain unclaimed at the end of two years after such principal, premium or interest has become due and payable may be repaid to the Issuer or the Guarantors,

subject to applicable law, and the Holder of such Note thereafter may look only to the Issuer or the Guarantors for payment thereof.

12. Discharge and Defeasance

Subject to certain conditions, the Issuer at any time may terminate some or all of its obligations and the obligations of the Guarantors under this Note and each other Note, the Note Guarantees and the Indenture if the Issuer irrevocably deposit with the Trustee U.S. dollars or Government Securities for the payment of principal and interest on the Notes to redemption or maturity, as the case may be.

13. Amendment, Supplement and Waiver

(a) The Issuer, when authorized by a resolution of its Board of Directors (as evidenced by the delivery of such resolutions to the Trustee), the Guarantors, the Security Agent and the Trustee may modify, amend or supplement the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents without notice to or consent of any Holder:

- (1) to cure any ambiguity, omission, error, defect or inconsistency;
- (2) to provide for the assumption of the Issuer's or a Guarantor's obligations to Holders of Notes and Note Guarantees in the case of a consolidation or merger or sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;
- (3) to make any change that would provide any additional rights or benefits to the Holders of Notes or that, in the good faith judgment of the Board of Directors of the Parent Guarantor, does not adversely affect the legal rights under this Indenture of any such holder in any material respect;
- (4) to conform the text of the Indenture, the Notes or the Note Guarantees to any provision of the section entitled "Description of Notes" in the Offering Memorandum to the extent that such provision in the "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Note Guarantees;
- (5) to provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with Section 4.06 of the Indenture and Section 4.15 of the Indenture to add security to or for the benefit of the Notes or to confirm and evidence the release, termination, discharge or retaking of any Note Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is permitted under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;
- (6) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of lenders under the Revolving Credit Facility, in any property which is required by the Revolving Credit Facility (as in effect on the First Escrow Release Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and Section 4.22 of the Indenture is complied with;
- (7) to provide for the issuance of additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;
- (8) to allow any Guarantor to execute a Supplemental Indenture and a Note Guarantee with respect to the Notes;

(9) to provide for uncertificated Notes in addition to or in place of Definitive Registered Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code); or

(10) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture.

In connection with any proposed amendment or supplement in respect of such matters, the Trustee will be entitled to receive, and rely conclusively on, an Opinion of Counsel and/or an Officer's Certificate.

(b) Except as provided in Section 9.02(b) of the Indenture and Section 6.04 of the Indenture and without prejudice to Section 9.01 of the Indenture, the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

(c) Without the consent of each Holder affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting Holder):

- (1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any Note or reduce the premium payable upon the redemption of any such Note or change the time at which such Note may be redeemed;
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (4) impair the right of any holder of Notes to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Note Guarantee in respect thereof;
- (5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment Default that resulted from such acceleration);
- (6) make any Note payable in money other than that stated in the Notes;
- (7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;
- (8) waive a redemption payment with respect to any Note (other than a payment required by Section 4.09 of the Indenture or Section 4.11 of the Indenture);
- (9) make any change to or modify the ranking of the Notes in a manner that would adversely affect the holders thereof;

(10) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(11) release the security interest granted in the Collateral for the benefit of the Trustee and the holders of the Notes, other than pursuant to the terms of the Security Documents or the Indenture, as applicable, except as permitted by the Intercreditor Agreement or any Additional Intercreditor Agreement; or

(12) make any change in the preceding amendment and waiver provisions.

(ii) The consent of the Holders will not be necessary under the Indenture to approve the particular form of any proposed amendment, modification, supplement, waiver or consent. It is sufficient if such consent approves the substance of the proposed amendment, modification, supplement, waiver or consent. A consent to any amendment or waiver under the Indenture by any Holder given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

14. Defaults and Remedies

This Note and the other Notes have the Events of Default as set forth in Section 6.01 of the Indenture. If an Event of Default (other than an Event of Default specified in Section 6.01(a)(9) of the Indenture) occurs and is continuing, the Trustee or the registered Holders of not less than 25% in aggregate principal amount of the Notes then outstanding by written notice to the Issuer and the Parent Guarantor (and to the Trustee if such notice is given by the Holders), subject to certain limitations, may, and the Trustee, upon the written request of such Holders shall, declare this Note and the other Notes, and any Additional Amounts and accrued interest, to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default and shall result in this Note and the other Notes being due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce the Indenture, this Note, the other Notes or the Security Documents except as provided in the Indenture and subject to the Intercreditor Agreement and any Additional Intercreditor Agreement. The Trustee and the Security Agent may refuse to enforce the Indenture, this Note or the other Notes unless it receives security and/or indemnity (including by way of pre-funding) satisfactory to it. Subject to certain limitations and the Intercreditor Agreement (and any Additional Intercreditor Agreement), the Holders of a majority in aggregate principal amount of the Notes may direct the Trustee and the Security Agent in its exercise of any trust or power. The Holders of a majority in aggregate principal amount of the Notes then outstanding by written notice to the Trustee may rescind any acceleration and its consequence if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal, premium, if any, or interest that has become due solely because of such acceleration. The above description of Events of Default and remedies is qualified by reference, and subject in its entirety, to the provisions of the Indenture.

15. Ranking

This Note and the other Notes will be general obligations of each Issuer and will rank senior in right of payment to any and all of each Issuer's existing and future Indebtedness that is subordinated in right of payment to the Notes, rank equally in right of payment with all of each Issuer's existing and future Indebtedness that is not subordinated in right of payment to the Notes, and be structurally subordinated to all existing and future Indebtedness of the Parent Guarantor's Subsidiaries that do not provide Note Guarantees.

16. Security

This Note and the other Notes will be secured by the Security Interests in the Collateral, subject to Permitted Collateral Liens. Reference is made to the Indenture for terms relating to such security, including the release, termination and discharge thereof. The Security Documents and the Collateral will be administered by the Security Agent (or in certain circumstances a sub-agent) pursuant to the Security Documents, including the Intercreditor Agreement or any Additional Intercreditor Agreement for the benefit of all Holders and holders of certain Indebtedness

permitted to be secured on the Collateral. The Issuer shall not be required to make any notation on this Note to reflect any grant of such security or any such release, termination or discharge. Each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein).

17. Trustee and Security Agent Dealings with the Issuer

The Trustee and the Security Agent under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Issuer, the Guarantors or any of their Affiliates with the same rights it would have if it were not Trustee or the Security Agent. Any Paying Agent, Registrar, co-Registrar or co-Paying Agent may do the same with like rights.

18. No Recourse Against Others

A director, officer, employee, incorporator, member or shareholder, as such, of the Issuer or the Guarantors shall not have any liability for any obligations of the Issuer or the Guarantors under this Note, the other Notes, the Note Guarantees or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. By accepting a Note, each Holder shall waive and release all such liability. The waiver and release are part of the consideration for issuance of the Notes.

19. Authentication

This Note shall not be valid until an authorized officer of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Note.

20. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

21. ISIN and/or CUSIP Numbers

The Issuer may cause ISIN and/or CUSIP numbers to be printed on the Notes, and if so the Trustee shall use ISIN and/or CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed on the Notes.

22. Governing Law

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

ASSIGNMENT FORM

To assign and transfer this Note, fill in the form below:

(I) or (the Issuer) assign and transfer this Note to

(Insert assignee's social security or tax I.D. no.)

(Print or type assignee's name, address and postal code)

and irrevocably appoint _____ agent to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Your Signature:

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee:

(Participant in a recognized signature guarantee medallion program)

Date:

Certifying Signature:

In connection with any transfer of any Notes evidenced by this certificate occurring prior to the date that is one year after the later of the date of original issuance of such Notes and the last date, if any, on which the Notes were owned by the Issuer or any of its Affiliates, the undersigned confirms that such Notes are being transferred in accordance with the transfer restrictions set forth in such Notes and:

CHECK ONE BOX BELOW

- (1) to the Parent Guarantor or any Subsidiary; or
- (2) pursuant to an effective registration statement under the U.S. Securities Act of 1933; or
- (3) pursuant to and in compliance with Rule 144A under the U.S. Securities Act of 1933; or
- (4) pursuant to and in compliance with Regulation S under the U.S. Securities Act of 1933; or
- (5) pursuant to another available exemption from the registration requirements of the U.S. Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; *provided, however*, that if box (3) is checked, by executing this form, the Transferor is deemed to have certified that such Notes are being transferred to a person it reasonably believes is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act of 1933 who has received notice that such transfer is being made in reliance on Rule 144A; if box (4) is checked, by executing this form, the Transferor is deemed to have certified that such transfer is made pursuant to an offer and sale that occurred outside the United States in compliance with Regulation S under the U.S. Securities Act; and if box (5) is checked, the Trustee may require, prior to registering any such transfer of the Notes, such legal opinions, certifications and other information as the Issuer reasonably requests to confirm that such transfer is being made pursuant to an exemption from or in a transaction not subject to, the registration requirements of the U.S. Securities Act of 1933.

Signature:

Signature Guarantee:

(Participant in a recognized signature guarantee medallion program)

Certifying Signature: _____ Date: _____

Signature Guarantee: _____

(Participant in a recognized signature guarantee medallion program)

A-17

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note or a portion thereof repurchased pursuant to Section 4.09 or 4.11 of the Indenture, check the box:

If the purchase is in part, indicate the portion (in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof) to be purchased:

Your Signature:

(Sign exactly as your name appears on the other side of this Note)

Date:

Certifying Signature:

A-18

SCHEDULE A

SCHEDULE OF PRINCIPAL AMOUNT IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Registered Note, or exchanges of a part of another Global Note or Definitive Registered Note for an interest in this Global Note, have been made:

| <u>Date of Decrease/ Increase</u> | <u>Amount of Decrease in Principal Amount</u> | <u>Amount of Increase in Principal Amount</u> | <u>Principal Amount Following such Decrease/Increase</u> | <u>Signature of authorized officer of Registrar</u> |
|---------------------------------------|---|---|--|---|
|---------------------------------------|---|---|--|---|

Schedule A-1

FORM OF TRANSFER CERTIFICATE FOR TRANSFER FROM RESTRICTED
GLOBAL NOTE TO REGULATION S GLOBAL NOTE⁵

(Transfers pursuant to § 2.06(b)(ii) of the Indenture)

Citibank, N.A., London Branch
Citigroup Centre
25 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Attention: Transfer Agent

Re: 7.250% Senior Secured Notes due 2025 (the “Notes”)

Reference is hereby made to the Indenture dated as of January 30, 2017 (as amended, supplemented or otherwise modified from time to time, the “Indenture”) among, *inter alios*, Silversea Cruise Finance Ltd., a limited liability company incorporated under the laws of the Commonwealth of The Bahamas, as Issuer, and Citibank, N.A., London Branch, as Trustee and as Security Agent. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to \$ _____ aggregate principal amount of Notes that are held as a beneficial interest in the form of the Restricted Global Note (CUSIP No.: [●]⁶; ISIN No: [●]⁷) with DTC in the name of [*name of transferor*] (the “Transferor”). The Transferor has requested an exchange or transfer of such beneficial interest for an equivalent beneficial interest in the Regulation S Global Note (CUSIP No.: [●]⁸; ISIN No: [●]⁹).

In connection with such request, the Transferor does hereby certify that such transfer has been effected in accordance with the transfer restrictions set forth in the Notes and:

- (a) with respect to transfers made in reliance on Regulation S (“Regulation S”) under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), does certify that:
- (i) the offer of the Notes was not made to a person in the United States;
 - (ii) either (i) at the time the buy order is originated the transferee is outside the United States or the Transferor and any person acting on its behalf reasonably believe that the transferee is outside the United States; or (ii) the transaction was executed in, on or through the facilities of a designated offshore securities market described in paragraph (b) of Rule 902 of Regulation S and neither the Transferor nor any person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States;

5 If the Note is a Definitive Registered Note, appropriate changes need to be made to the form of this transfer certificate.
6 Issue Date Rule 144A CUSIP: 82845L AA8
7 Issue Date Rule 144A ISIN: US82845LAA89
8 Issue Date Regulation S CUSIP: P9000L AA5
9 Issue Date Regulation S ISIN: USP9000LAA54

- (iii) no directed selling efforts have been made in the United States by the Transferor, an affiliate thereof or any person their behalf in contravention of the requirements of Rule 903 or 904 of Regulation S, as applicable;
 - (iv) the transaction is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act; and
 - (v) the Transferor is not the Issuer, a distributor of the Notes, an affiliate of the Issuer or any such distributor (except any officer or director who is an affiliate solely by virtue of holding such position) or a person acting on behalf of any of the foregoing.
- (b) with respect to transfers made in reliance on Rule 144 the Transferor certifies that the Notes are being transferred in a transaction permitted by Rule 144 under the U.S. Securities Act.

You, the Issuer, the Guarantors and the Trustee are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

[Name of Transferor]

By: _____
Name:
Title:

Date:

cc:
Attn:

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FORM OF TRANSFER CERTIFICATE FOR TRANSFER FROM REGULATION S
GLOBAL NOTE TO RESTRICTED GLOBAL NOTE

(Transfers pursuant to § 2.06(b)(iii) of the Indenture)

Citibank, N.A., London Branch
Citigroup Centre
25 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Attention: Transfer Agent

Re: 7.250% Senior Secured Notes due 2025 (the “Notes”)

Reference is hereby made to the Indenture dated as of January 30, 2017 (as amended, supplemented or otherwise modified from time to time, the “Indenture”) among, *inter alios*, Silversea Cruise Finance Ltd., a limited liability company incorporated under the laws of the Commonwealth of The Bahamas, as Issuer, and Citibank, N.A., London Branch, as Trustee and as Security Agent. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to \$ _____ aggregate principal amount at maturity of Notes that are held in the form of the Regulation S Global Note with DTC (CUSIP No.: [•]¹⁰; ISIN No.: [•]¹¹) in the name of [name of transferor] (the “Transferor”) to effect the transfer of the Notes in exchange for an equivalent beneficial interest in the Restricted Global Note (CUSIP No.: [•]¹²; ISIN No.: [•]¹³).

In connection with such request, and in respect of such Notes the Transferor does hereby certify that such Notes are being transferred in accordance with the transfer restrictions set forth in the Notes and that:

CHECK ONE BOX BELOW:

- the Transferor is relying on Rule 144A under the Securities Act for exemption from such Act’s registration requirements; it is transferring such Notes to a person it reasonably believes is a QIB as defined in Rule 144A that purchases for its own account, or for the account of a qualified institutional buyer, and to whom the Transferor has given notice that the transfer is made in reliance on Rule 144A and the transfer is being made in accordance with any applicable securities laws of any state of the United States; or
- the Transferor is relying on an exemption other than Rule 144A from the registration requirements of the Securities Act, subject to the Issuer’s and the Trustee’s right prior to any such offer, sale or transfer to require the delivery of an Opinion of Counsel, certification and/or other information satisfactory to each of them.

10 Issue Date Regulation S CUSIP: P9000L AA5
11 Issue Date Regulation S ISIN: USP9000LAA54
12 Issue Date Rule 144A CUSIP: 82845L AA8
13 Issue Date Rule 144A ISIN: US82845LAA89

You, the Issuer, the Guarantors, and the Trustee are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

[Name of Transferor]

By: _____

Name:

Title:

Date:

cc:

Attn:

C-2

FORM OF SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE dated as of [•], 20[•] (this “Supplemental Indenture”) by and among Silversea Cruise Finance Ltd. (the “Issuer”), the other parties listed as New Guarantors on the signature pages hereto (each, a “New Guarantor” and, collectively, the “New Guarantors”) and Citibank N.A., London Branch, as trustee (in such capacity, the “Trustee”).

WITNESSETH

WHEREAS, the Issuer, the Trustee and the other parties thereto have heretofore executed and delivered an Indenture, dated as of January 30, 2017 (as amended, supplemented or otherwise modified from time to time, the “Indenture”), providing for the issuance of 7.250% Senior Secured Notes due 2025 of the Issuer (the “Notes”), initially in the aggregate principal amount of \$550,000,000;

[WHEREAS, it is a condition to the First Escrow Release Date that the New Guarantors execute and deliver to the Trustee a supplemental indenture pursuant to which the New Guarantors shall unconditionally guarantee (the “Note Guarantees”) all of the Issuer’s Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture;]

WHEREAS, pursuant to Section 9.01 of the Indenture, the Issuer and the Trustee are authorized to execute and deliver this Supplemental Indenture; and

WHEREAS, all necessary acts have been done to make this Supplemental Indenture a legal, valid and binding agreement of each New Guarantor in accordance with the terms of this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1 Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

ARTICLE II

AGREEMENT TO BE BOUND

SECTION 2.1 Agreement to Guarantee. The New Guarantor acknowledges that it has received and reviewed a copy of the Indenture and all other documents it deems necessary to review in order to enter into this Supplemental Indenture, and acknowledges and agrees to (i) join and become a party to the Indenture as indicated by its signature below; (ii) be bound by the Indenture, as of the date hereof, as if made by, and with respect to, each signatory hereto; and (iii) perform all obligations and duties required of a Guarantor pursuant to the Indenture. The New Guarantor hereby agrees to provide a Note Guarantee on the terms and subject to the conditions set forth in the Indenture, including, but not limited to, Article Ten thereof.

SECTION 2.2 Execution and Delivery. The New Guarantor agrees that the Note Guarantee shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Note Guarantee on the Notes.

[SECTION 2.3 Guarantee Limitations. Schedule IV of the Indenture is hereby amended by adding the following:

[New Guarantee Limitation Language.]

ARTICLE III
MISCELLANEOUS

SECTION 3.1 Governing Law. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 3.2 Severability. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 3.3 Ratification. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder heretofore or hereafter shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture.

SECTION 3.4 Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Supplemental Indenture. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

SECTION 3.5 Effect of Headings. The headings herein are convenience of reference only and shall not affect the construction hereof.

SECTION 3.6 The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the New Guarantor.

SECTION 3.7 Benefits Acknowledged. The New Guarantor's Note Guarantee is subject to the terms and conditions set forth in the Indenture. The New Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to its Note Guarantee and this Supplemental Indenture are knowingly made in contemplation of such benefits.

SECTION 3.8 Successors. All agreements of the New Guarantor in this Supplemental Indenture shall bind its successors, except as otherwise provided in this Supplemental Indenture. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

ISSUER:

SILVERSEA CRUISE FINANCE LTD.

By: _____
Name:
Title:

NEW GUARANTORS:

[NEW GUARANTORS]

By: _____
Name:
Title:

TRUSTEE:

CITIBANK N.A., LONDON BRANCH, as Trustee

By: _____
Name:
Title:

D-3

SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE dated as of February 1, 2017 (this “Supplemental Indenture”) by and among Silversea Cruise Finance Ltd. (the “Issuer”), the other parties listed as New Guarantors on the signature pages hereto (each, a “New Guarantor” and, collectively, the “New Guarantors”) and Citibank N.A., London Branch, as trustee (in such capacity, the “Trustee”).

WITNESSETH

WHEREAS, the Issuer, the Trustee and the other parties thereto have heretofore executed and delivered an Indenture, dated as of January 30, 2017 (as amended, supplemented or otherwise modified from time to time, the “Indenture”), providing for the issuance of 7.250% Senior Secured Notes due 2025 of the Issuer (the “Notes”), initially in the aggregate principal amount of \$550,000,000;

WHEREAS, it is a condition to the First Escrow Release Date that the New Guarantors execute and deliver to the Trustee a supplemental indenture pursuant to which the New Guarantors shall unconditionally guarantee (the “Note Guarantees”) all of the Issuer’s Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Issuer and the Trustee are authorized to execute and deliver this Supplemental Indenture; and

WHEREAS, all necessary acts have been done to make this Supplemental Indenture a legal, valid and binding agreement of each New Guarantor in accordance with the terms of this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1 Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

ARTICLE II
AGREEMENT TO BE BOUND

SECTION 2.1 Agreement to Guarantee. Each New Guarantor acknowledges that it has received and reviewed a copy of the Indenture and all other documents it deems necessary to review in order to enter into this Supplemental Indenture, and acknowledges and agrees to (i) join and become a party to the Indenture as indicated by its signature below; (ii) be bound by the Indenture, as of the date hereof, as if made by, and with respect to, each signatory hereto; and (iii) perform all obligations and duties required of a Guarantor pursuant to the Indenture. Each New Guarantor hereby agrees to provide a Note Guarantee on the terms and subject to the conditions set forth in the Indenture, including, but not limited to, Article Ten thereof.

SECTION 2.2 Execution and Delivery. Each New Guarantor agrees that its Note Guarantee shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Note Guarantee on the Notes.

SECTION 2.3 Guarantee Limitations. Schedule IV of the Indenture is hereby amended by adding the following:

Switzerland

(i) The obligations of any New Guarantor incorporated under the laws of Switzerland (each a “Swiss Debtor”) under this Supplemental Indenture and the Indenture (the “Swiss Debtor Obligations”) shall be subject to the following limitations:

(a) if and to the extent that a Swiss Debtor Obligation guarantees or otherwise secures obligations other than obligations of one of the Swiss Debtor's direct and indirect Subsidiaries (i.e. obligations of its direct or indirect parent companies (up-stream liabilities) or sister companies (cross-stream liabilities)) (the “Restricted Obligations”) and that performing the relevant Swiss Debtor Obligation with respect to Restricted Obligations would not be permitted under Swiss corporate law then applicable, then such obligations and payment amount shall from time to time be limited to the amount permitted to be paid under applicable Swiss law; *provided* that such limited amount shall at no time be less than the relevant Swiss Debtor's distributable capital (presently being the balance sheet profits and any reserves available for distribution) at the time or times performance of the relevant Swiss Debtor Obligation is due or requested from such Swiss Debtor; and *provided, further*, such limitation (as may apply from time to time or not) shall not (generally or definitively) release the relevant Swiss Debtor from its Swiss Debtor Obligations in excess thereof, but merely postpone the payment date therefore until such times as payment is again permitted notwithstanding such limitation;

(b) in case a Swiss Debtor who must make a payment in respect of Restricted Obligations under this Agreement is obliged to withhold any taxes imposed under the Swiss Federal Act on the Withholding Tax of 13 October 1965 (*Bundesgesetz über die Verrechnungs-steuer*) (together with the related ordinances, regulations and guidelines, all as amended and applicable from time to time, the “Swiss Withholding Tax Act”) in respect of such payment (“Swiss Withholding Tax”), such Swiss Debtor shall:

(A) procure that such payments can be made without deduction of Swiss Withholding Tax, or with deduction of Swiss Withholding Tax at a reduced rate, by discharging the liability to such tax by notification pursuant to applicable law (including double tax treaties) rather than payment of the tax;

(B) if the notification procedure pursuant to sub-paragraph (A) above does not apply, deduct Swiss Withholding Tax at the rate of 35 per cent. (or such other rate as in force from time to time), or if the notification procedure pursuant to sub-paragraph (A) above applies for a part of the Swiss Withholding Tax only, deduct Swiss Withholding Tax at the reduced rate resulting after the discharge of part of such tax by notification under applicable law, from any payment made by it in respect of Restricted Obligations and promptly pay any such taxes to the Swiss Federal Tax Administration (*Eidgenössische Steuerverwaltung*);

(C) notify the Trustee that such notification, or as the case may be, deduction has been made and provide the Trustee with evidence that such a notification of the Swiss Federal Tax Administration has been made or, as the case may be, such taxes deducted have been paid to the Swiss Federal Tax Administration;

(D) in the case of a deduction of Swiss Withholding Tax:

(I) use its best efforts to ensure that any person other than the Trustee which is entitled to a full or partial refund of the Swiss Withholding Tax deducted from such payment in respect of Restricted Obligations, will, as soon as possible after such deduction (y) request a refund of the Swiss Withholding Tax under applicable law (including tax treaties) and (z) pay to the Trustee upon receipt any amounts so refunded; and

(II) if a Holder is entitled to a full or partial refund of the Swiss Withholding Tax deducted from such payment, and if requested by the Trustee,

provide the Trustee those documents that are required by law and applicable tax treaties to be provided by the payer of such tax, for each relevant Holder, to prepare a claim for refund of Swiss Withholding Tax; and

(c) if a Swiss Debtor is obliged to withhold Swiss Withholding Tax in accordance with paragraph (a)0 above, the Trustee shall be entitled to further enforce the Swiss Debtor Obligation assumed by such Swiss Debtor and apply proceeds therefrom against the Restricted Obligations up to an amount which is equal to that amount which would have been obtained if no withholding of Swiss Withholding Tax were required, whereby such further enforcements shall always be limited to the maximum amount of the freely distributable reserves of such Swiss Debtor as set out in paragraph (a)0 above. In case the proceeds irrevocably received by the Trustee and/or the Holders pursuant to paragraph (a)0 above and this paragraph have the effect that the proceeds received by the Holder and/or any Holder exceed the Obligations, then the Trustee or the relevant other Holder shall return such overcompensation to the relevant Swiss Debtor.

(ii) If and to the extent requested by the Trustee and if and to the extent this is from time to time required under Swiss law, in order to allow the Trustee and any Holder to obtain a maximum benefit under this Supplemental Agreement and the Indenture, the relevant Swiss Debtor shall, and any parent company of such Swiss Debtor being a party to this Supplemental Indenture or the Indenture shall procure that such Swiss Debtor will, promptly implement all such measures and/or to promptly procure the fulfilment of all prerequisites allowing the prompt fulfilment of the Swiss Debtor Obligations and allowing the relevant Swiss Debtor to promptly perform its obligations and make the (requested) payment(s) hereunder from time to time, including the following:

- (a) preparation of an up-to-date audited balance sheet of the relevant Swiss Debtor;
- (b) confirmation of the auditors of the relevant Swiss Debtor that the relevant amount represents (the maximum of) freely distributable capital of the relevant Swiss Debtor;
- (c) approval by a shareholders meeting of the relevant Swiss Debtor of the capital distribution;
- (d) if the enforcement of Restricted Obligations would be limited due to the effects referred to in this Section, then the relevant Swiss Debtor shall to the extent permitted by applicable law write up or realize any of its assets that are shown in its balance sheet with a book value that is significantly lower than the market value of the assets, in case of realization, however, only if such assets are not necessary for the relevant Swiss Debtor's business (*nicht betriebsnotwendig*); and
- (e) all such other measures necessary or useful to allow payment under the Swiss Debtor Obligation and to allow the relevant Swiss Debtor to make the payments and perform the obligations agreed hereunder with a minimum of limitations.

ARTICLE III MISCELLANEOUS

SECTION 3.1 Governing Law. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 3.2 Severability. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 3.3 Ratification. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder heretofore or

hereafter shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture.

SECTION 3.4 Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Supplemental Indenture. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

SECTION 3.5 Effect of Headings. The headings herein are convenience of reference only and shall not affect the construction hereof.

SECTION 3.6 The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the New Guarantors.

SECTION 3.7 Benefits Acknowledged. Each New Guarantor's Note Guarantee is subject to the terms and conditions set forth in the Indenture. Each New Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to its Note Guarantee and this Supplemental Indenture are knowingly made in contemplation of such benefits.

SECTION 3.8 Successors. All agreements of each New Guarantor in this Supplemental Indenture shall bind its successors, except as otherwise provided in this Supplemental Indenture. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

ISSUER:

SILVERSEA CRUISE FINANCE LTD.

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: Director

NEW GUARANTORS:

SILVERSEA CRUISE HOLDING LTD.

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: Director

SILVERSEA CRUISES LTD.

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: Director

SILVER CLOUD SHIPPING CO. LTD.

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: Director

SILVER WIND SHIPPING CO. LTD.

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: Director

SILVER SPIRIT SHIPPING CO. LTD.

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: Director

SILVER SHADOW SHIPPING CO. LTD.

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: Director

SILVERSEA NEW BUILD SIX LTD.

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: Director

SILVERSEA CRUISES (EUROPE) LIMITED

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: Director

SILVERSEA CRUISES (UK) LIMITED

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: Director

SG EXPEDITIONS CYPRUS LIMITED

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: Director

SG EXPEDITIONS SAGL

By: /s/ Pietro Soldati
Name: Pietro Soldati
Title: Authorized Signatory

SG CRUISES GMBH

By: /s/ Pietro Soldati
Name: Pietro Soldati
Title: Authorized Signatory

CANODROS C.L.

By: /s/ Alex Santiago Dunn Suarez
Name: Alex Santiago Dunn Suarez
Title: Authorized Signatory

TRUSTEE:

CITIBANK N.A., LONDON BRANCH, as Trustee

By: /s/ Beth Kuhn
Name: Beth Kuhn
Title: Vice President

(Signature Page to Supplemental Indenture)

SILVERSEA CRUISE FINANCE LTD.,
as Issuer

and

CITIBANK, N.A., LONDON BRANCH,
as Trustee

SECOND SUPPLEMENTAL INDENTURE

Dated as of February 1, 2019

to

INDENTURE

Dated as of January 30, 2017

7.250% SENIOR SECURED NOTES DUE 2025

SECOND SUPPLEMENTAL INDENTURE dated as of February 1, 2019 (this “Second Supplemental Indenture”) by and between Silversea Cruise Finance Ltd. (the “Issuer”) and Citibank N.A., London Branch, as trustee (in such capacity, the “Trustee”).

W I T N E S S E T H

WHEREAS, the Issuer, the Trustee and the other parties thereto have heretofore executed and delivered an Indenture, dated as of January 30, 2017 (the “Base Indenture” and, as supplemented by the Supplemental Indenture, dated February 1, 2017, the “Indenture”), providing for the issuance of 7.250% Senior Secured Notes due 2025 of the Issuer (the “Notes”), initially in the aggregate principal amount of \$550,000,000;

WHEREAS, on April 10, 2018, the Issuer issued additional Notes in an aggregate principal amount of \$70,000,000 pursuant to the Indenture;

WHEREAS, the Issuer desires to amend certain provisions of the Indenture, as set forth in Article II of this Second Supplemental Indenture (the “Proposed Amendments”);

WHEREAS, Section 9.02 of the Base Indenture permits the Issuer and the Trustee to enter into a supplemental indenture to the Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture, subject to certain conditions, including obtaining the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding;

WHEREAS, the Holders of at least a majority in aggregate principal amount of the Notes then outstanding have duly consented to the Proposed Amendments as set forth in the Consent Solicitation Statement of the Issuer dated January 28, 2019 and the Issuer and the Trustee are authorized to execute and deliver this Second Supplemental Indenture; and

WHEREAS, all necessary acts have been done to make this Second Supplemental Indenture a legal, valid and binding agreement of the Issuer in accordance with the terms of this Second Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

ARTICLE II
AMENDMENTS

Section 2.1 Amendments to the Indenture. Effective and operative as of the date hereof:

(a) The Indenture is hereby amended by adding the following definitions to Section 1.01 in appropriate alphabetical sequences:

An “Investment Grade” rating means a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating categories of Moody’s) or BBB- or better by S&P (or its equivalent under any successor rating categories of S&P), or if such Rating Agency ceases to rate the relevant series of the Notes, as the case may be, for reasons outside of the Issuer’s control, the equivalent investment grade credit rating from any Rating Agency selected by the Issuer as a replacement Rating Agency.

“Rating Agencies” means each of Moody’s and S&P and “Rating Agency” means either of Moody’s or S&P; provided that if either Moody’s or S&P does not make a rating of the relevant series of the Notes publicly available, for reasons outside of the Issuer’s control, the Issuer shall use commercially reasonable efforts to select a nationally recognized statistical rating organization or organizations, as the case may be, which shall then be substituted for Moody’s or S&P or both of them, as the case may be.

“Royal Caribbean” means Royal Caribbean Cruises Ltd., a Liberian corporation.

(b) The Indenture is hereby amended by adding the following Section 4.29 to Article Four:

SECTION 4.29. Covenant Suspension.

During any period of time (a “Suspension Period”) that: (i) the Notes have Investment Grade ratings from both Rating Agencies and (ii) Royal Caribbean beneficially owns, directly or indirectly, in excess of 50% (the “Ownership Threshold”) of the outstanding shares of the Parent Guarantor (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a “Covenant Suspension Event”), the Issuer and its Restricted Subsidiaries will not be subject to the following provisions of this Indenture (collectively, the “Suspended Covenants”), provided that during a Suspension Period, the Issuer may not designate any of its Subsidiaries as Unrestricted Subsidiaries unless the Issuer could have designated such Subsidiaries as Unrestricted Subsidiaries in compliance with this Indenture assuming the covenants set forth below had not been suspended:

- (a) Section 4.03 “Maintenance of Properties”
- (b) Section 4.06 “Incurrence of Indebtedness and Issuance of Preferred Stock”
- (c) Section 4.08 “Restricted Payments”
- (d) Section 4.10 “Transactions with Affiliates”
- (e) Section 4.15 “Limitation on Issuance of Guarantees of Indebtedness”
- (f) Section 4.16 “Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”

- (g) Section 4.19 “Reports to Holders”
- (h) Section 4.24 “Limitation on Sale and Leaseback Transactions”
- (i) Section 5.01(a)(4) “Merger, Consolidation or Sale of Assets”

In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants with respect to the Notes for any Suspension Period and, subsequently, (x) either one or both Rating Agencies withdraws its rating or downgrades the rating assigned to the Notes below the required Investment Grade rating and/or (y) Royal Caribbean ceases to meet the Ownership Threshold (such date of withdrawal, downgrade or cessation in clause (x) or (y), a “Reinstatement Date”), then the Issuer and its Restricted Subsidiaries will after the Reinstatement Date again be subject to the Suspended Covenants with respect to future events for the benefit of the Notes.

On the Reinstatement Date, all Indebtedness incurred during a Suspension Period will be (i) classified as having been incurred or issued pursuant to the first paragraph of Section 4.06 or one of the clauses set forth in the definition of “Permitted Debt” (to the extent such Indebtedness would be permitted to be incurred thereunder as of the Reinstatement Date and after giving effect to Indebtedness incurred prior to the Suspension Period and outstanding on the Reinstatement Date) and (ii) subject to Section 4.06 and Section 4.15. To the extent such Indebtedness would not be so permitted to be incurred pursuant to Section 4.06, such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (1) of the definition of “Permitted Debt.” To the extent Guarantees were incurred prior to or during a Suspension Period, the Issuer and its Restricted Subsidiaries shall on the Reinstatement Date comply with Section 4.15.

Calculations made after the Reinstatement Date of the amount available to be made as Restricted Payments under Section 4.08 will be made as though such covenant had been in effect from the Issue Date and throughout the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period not otherwise permitted pursuant to any of clauses (1) through (10) under Section 4.08(b) will reduce the amount available to be made as Restricted Payments under Section 4.08(a)(iii) to the extent provided therein; *provided, however*, that the amount available to be made as a Restricted Payment on the Reinstatement Date shall not be reduced to below zero solely as a result of such Restricted Payments.

Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during a Suspension Period (or on the Reinstatement Date or after a Suspension Period based solely on events that occurred during the Suspension Period).

ARTICLE III
MISCELLANEOUS

Section 3.1 Governing Law. THIS SECOND SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 3.2 Severability. In case any provision in this Second Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.3 Ratification. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Second Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder heretofore or hereafter shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Second Supplemental Indenture.

Section 3.4 Counterparts. The parties may sign any number of copies of this Second Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Second Supplemental Indenture. The exchange of copies of this Second Supplemental Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Second Supplemental Indenture as to the parties hereto. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be their original signatures for all purposes.

Section 3.5 Effect of Headings. The headings herein are convenience of reference only and shall not affect the construction hereof.

Section 3.6 The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Second Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Issuer.

Section 3.7 Successors. All agreements of the Issuer in this Second Supplemental Indenture shall bind its successors, except as otherwise provided in this Second Supplemental Indenture. All agreements of the Trustee in this Second Supplemental Indenture shall bind its successors.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, all as of the date first above written.

ISSUER:

SILVERSEA CRUISE FINANCE LTD.

By: /s/ Roberto Martinoli
Name: Roberto Martinoli
Title: CEO

TRUSTEE:

CITIBANK N.A., LONDON BRANCH, as Trustee

By: /s/ John Kane
Name: John Kane
Title: Vice President

[Signature Page to Supplemental Indenture]

HULL NO. J34 CREDIT AGREEMENT

dated 22 June 2016 as novated, amended and restated
on the Actual Delivery Date pursuant to
a novation agreement dated 22 June 2016

BETWEEN

Royal Caribbean Cruises Ltd.

as the Borrower,

the Lenders from time to time party hereto,

Citibank N.A., London Branch
as Global Coordinator

Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch
as ECA Agent

and

Citibank Europe plc, UK Branch
as Facility Agent

and

Banco Bilbao Vizcaya Argentaria, Paris Branch, Banco Santander, S.A. Paris branch,
Citibank N.A., London Branch, HSBC France, Société Générale and
Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch
as Mandated Lead Arrangers

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EXHIBITS

- Exhibit A - Form of Loan Request
- Exhibit B-1 - Form of Opinion of Liberian Counsel to Borrower
- Exhibit B-2 - Form of Opinion of English Counsel to the Facility Agent and the Lenders
- Exhibit B-3 - Form of Opinion of French Counsel to the Facility Agent and the Lenders
- Exhibit B-4 - Form of Opinion of US Tax Counsel to the Lenders
- Exhibit C - Form of Lender Assignment Agreement
- Exhibit D - Form of Certificate of French Content
- Exhibit E-1 - Form of Delivery Non-Yard Costs Certificate
- Exhibit E-2 - Form of Final Non-Yard Costs Certificate

CREDIT AGREEMENT

HULL NO. J34 CREDIT AGREEMENT, dated 22 June 2016 as novated, amended and restated on the Actual Delivery Date (as defined below), is among Royal Caribbean Cruises Ltd., a Liberian corporation (the “Borrower”), Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch in its capacity as agent for the Lenders referred to below in respect of matters related to BpiFrance Assurance Export (in such capacity, the “ECA Agent”), Citibank Europe plc, UK Branch in its capacity as facility agent (in such capacity, the “Facility Agent”) and the financial institutions listed in Schedule 1 to the Novation Agreement (as defined below) as lenders (in such capacity, together with each of the other Persons that shall become a “Lender” in accordance with clause 12 of the Novation Agreement or Section 11.11.1 hereof, each of them individually a “Lender” and, collectively, the “Lenders”).

WITNESSETH:

WHEREAS,

- (A) The Borrower and Chantiers de l’Atlantique S.A. (previously known as STX France S.A.) (the “Builder”) have entered on 16 February 2015 into a Contract for the Construction and Sale of Hull No. J34 (as amended from time to time, the “Construction Contract”) pursuant to which the Builder has agreed to design , construct, equip, complete, sell and deliver the passenger cruise vessel bearing Builder’s hull number J34 which shall be owned by a Subsidiary of the Borrower, Celebrity Edge, Inc. (the “Purchased Vessel”);
- (B) The Lenders have agreed to make available to the Borrower, upon the terms and conditions contained herein, a US dollar loan facility calculated on the amount (the “Maximum Loan Amount”) equal to the EUR sum of:
 - (i) eighty per cent (80%) of the Contract Price (as defined below) of the Purchased Vessel, and including Non-Yard Costs of up to EUR 76,000,000 (the “Maximum Non-Yard Costs Amount”) and the Other Basic Contract Price Increases (as defined below) for the Purchased Vessel of an amount which, when aggregated with the Non-Yard Costs, does not exceed EUR 78,300,000, but which amount shall not exceed in the aggregate EUR 661,300,000;
 - (ii) eighty per cent (80%) of the change orders of up to EUR 99,110,000 (representing up to 17% of the Basic Contract Price) effected in accordance with the Construction Contract; and
 - (iii) 100% of the BpiFAE Premium (as defined below),

being an amount no greater than EUR 622,623,708 and being made available in the US Dollar Equivalent of that Maximum Loan Amount (as such Dollar amount may be adjusted pursuant to clause 5.3 of the Novation Agreement);

- (C) Of the amounts referred to in recital (B)(i) and (ii) above, the Lenders have made certain amounts available to the Original Borrower during the period prior

to the Actual Delivery Date pursuant to this Agreement (the liability for which amount has been assumed by the Borrower following the novation of this Agreement pursuant to the Novation Agreement) and, in relation to the amount referred to in recital (B)(i), the balance has been or shall be made available to the Borrower as an Additional Advance pursuant to the Novation Agreement and this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1. Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, when capitalized, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

“Accumulated Other Comprehensive Income (Loss)” means at any date the Borrower’s accumulated other comprehensive income (loss) on such date, determined in accordance with GAAP.

“Actual Delivery Date” means the date on which the Purchased Vessel is delivered by the Builder to, and accepted by, the Borrower under the Construction Contract, being also the date on which the final balance of the Loan is advanced by way of the Additional Advances.

“Additional Advances” is defined in the Novation Agreement.

“Affiliate” of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person. A Person shall be deemed to be “controlled by” any other Person if such other Person possesses, directly or indirectly, power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

“Agent” means either the ECA Agent or the Facility Agent and “Agents” means both of them.

“Agreement” means, on any date, this credit agreement as originally in effect on the Signing Date and as novated, amended and restated by the Novation Agreement and as thereafter from time to time amended, supplemented, amended and restated, or otherwise modified and in effect on such date.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Affiliates from time to time concerning or relating to bribery or corruption.

“Applicable Commitment Rate” means (x) from the Signing Date up to but excluding October 31, 2016, 0.15% per annum, (y) from October 31, 2016 up to but excluding October

31, 2017, 0.25% per annum, and (z) from October 31, 2017 until the Commitment Fee Termination Date, 0.30% per annum.

“Applicable Jurisdiction” means the jurisdiction or jurisdictions under which the Borrower is organized, domiciled or resident or from which any of its business activities are conducted or in which any of its properties are located and which has jurisdiction over the subject matter being addressed.

“Approved Appraiser” means any of the following: Barry Rogliano Salles, Paris, H Clarkson & Co. Ltd., London, R.S. Platou Shipbrokers, Norway, or Fearnley AS, Norway.

“Assignee Lender” is defined in Section 11.11.1.

“Authorized Officer” means those officers of the Borrower authorized to act with respect to the Loan Documents and whose signatures and incumbency shall have been certified to the Facility Agent by the Secretary or an Assistant Secretary of the Borrower.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bank of Nova Scotia Agreement” means the U.S. \$1,428,000,000 amended and restated credit agreement dated as of December 4, 2017 among the Borrower, as borrower, the various financial institutions as are or shall become parties thereto, as lenders, and The Bank of Nova Scotia, as administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“Basic Contract Price” is as defined in the Construction Contract.

“Borrower” is defined in the preamble.

“BpiFAE” means BpiFrance Assurance Export, the French export credit agency, a French *société par action simplifiée à associé unique* with its registered office at 27-31, avenue du Général Leclerc, 94710 Maisons-Alfort Cedex, France, registered at the trade and companies registry of Créteil under number 815 276 308 and includes its successors in title or any other person succeeding to BpiFrance Assurance Export in the role as export credit agency of the Republic of France to manage and provide under its control, on its behalf and in its name the public export guarantees as provided by article L 432-1 of the French insurance code.

“BpiFAE Enhanced Guarantee” means the enhanced guarantee (*garantie rehaussée*) issued or to be issued by BpiFAE to the benefit of CAFFIL in accordance with article 84 of the French Amending Finance Law 2012 (as amended) in relation to the refinancing of SFIL’s participation and Commitments under the Loan, and any other documents (including any security) entered into or to be entered into by SFIL with CAFFIL and/or BpiFAE in relation thereto.

“BpiFAE Insurance Policy” means the export credit insurance policy in respect of the Loan issued by BpiFAE for the benefit of the Lenders.

“BpiFAE Premium” means the premium payable to BpiFAE under and in respect of the BpiFAE Insurance Policy.

“Builder” is defined in the preamble.

“Business Day” means any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York City, London, Madrid or Paris, and if the applicable Business Day relates to an advance of all or part of the Loan, an Interest Period, prepayment or conversion, in each case with respect to the Loan bearing interest by reference to the LIBO Rate, a day on which dealings in deposits in Dollars are carried on in the London interbank market.

“CAFFIL” means *Caisse Française de Financement Local*, a French société anonyme, with its registered office at 1-3 rue du Passeur de Boulogne, 92130 Issy-les-Moulineaux, France, registered at the trade and companies registry of Nanterre under number 421 318 064.

“Capital Lease Obligations” means obligations of the Borrower or any Subsidiary of the Borrower under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases.

“Capitalization” means, at any date, the sum of (a) Net Debt on such date, plus (b) Stockholders’ Equity on such date.

“Capitalized Lease Liabilities” means the principal portion of all monetary obligations of the Borrower or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

“Cash Equivalents” means all amounts other than cash that are included in the “cash and cash equivalents” shown on the Borrower’s balance sheet prepared in accordance with GAAP.

“Change of Control” means an event or series of events by which (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of 50% or more of the equity securities of the Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); or (b) during any period of 24 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board

or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

“CIRR” means 2.93% per annum being the Commercial Interest Reference Rate determined in accordance with the OECD Arrangement for Officially Supported Export Credits to be applicable to the Loan hereunder.

“Citibank” means Citibank N.A., London Branch.

“Code” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

“Commitment” is defined in Section 2.2 and means, relative to any Lender, such Lender’s obligation to make the Loan pursuant to Section 2.1.

“Commitment Fees” is defined in Section 3.4.

“Commitment Fee Termination Date” is defined in Section 3.4.

“Commitment Termination Date” means the Back Stop Date (as defined in the Receivable Purchase Agreement) (or such later date as the Lenders and BpiFAE may agree).

“Construction Contract” is defined in the preamble.

“Contract Price” is as defined in the Construction Contract and which includes a lump sum amount in respect of the Non-Yard Costs.

“Contractual Delivery Date” means, at any time, the date which at such time is the date specified for delivery of the Purchased Vessel under the Construction Contract, as such date may be modified from time to time pursuant to the terms of the Construction Contract.

“Covered Taxes” is defined in Section 4.6.

“Default” means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

“Delivery Non-Yard Costs Certificate” means the certificate to be provided to the Facility Agent in the form of Exhibit E-1 on or prior to the Actual Delivery Date certifying the amount in EUR of the Paid Non-Yard Costs and the Unpaid Non-Yard Costs as at the Actual Delivery Date, duly signed by the Borrower and endorsed by the Builder.

“Dollar” and the sign “\$” mean lawful money of the United States.

“ECA Agent” is defined in the preamble.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA

Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date this Agreement becomes effective pursuant to Section 11.8.

“Effective Time” means the Novation Effective Time as defined in the Novation Agreement.

“Environmental Laws” means all applicable federal, state, local or foreign statutes, laws, ordinances, codes, rules and regulations (including consent decrees and administrative orders) relating to the protection of the environment.

“Escrow Account” means the Dollar escrow account of the Borrower opened or to be opened with the Escrow Account Bank for the purpose of receiving the relevant amount of the Additional Advances in respect of Unpaid Non-Yard Costs in accordance with Section 2.3f).

“Escrow Account Bank” means Citibank N.A., London Branch of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

“Escrow Account Security” means the account security in respect of the Escrow Account executed or, as the context may require, to be executed by the Borrower in favour of the Security Trustee in the form agreed by the Lenders and the Borrower on or about the Restatement Date.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“EUR” and the sign “€” mean the currency of participating member states of the European Monetary Union pursuant to Council Regulation (EC) 974/98 of 3 May 1998, as amended from time to time.

“Event of Default” is defined in Section 8.1.

“Existing Principal Subsidiaries” means each Subsidiary of the Borrower that is a Principal Subsidiary on the Signing Date.

“Facility Agent” is defined in the preamble and includes each other Person as shall have subsequently been appointed as the successor Facility Agent, and as shall have accepted such appointment, pursuant to Section 10.5.

“FATCA” means (a) Sections 1471 through 1474 of the Code, as in effect at the date hereof, and any current or future regulations promulgated thereunder or official interpretations

thereof, (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“FATCA Deduction” means a deduction or withholding from a payment under a Loan Document required by FATCA.

“FATCA Exempt Party” means a party to this Agreement that is entitled to receive payments free from any FATCA Deduction.

“Fee Letter” means any letter entered into by reference to this Agreement between any or all of the Facility Agent, the Mandated Lead Arrangers, the Arrangers, the Lenders and/or the Borrower setting out the amount of certain fees referred to in, or payable in connection with, this Agreement.

“Final Maturity” means twelve (12) years after the Actual Delivery Date.

“Final Non-Yard Costs Certificate” means the certificate to be provided to the Facility Agent in the form of Exhibit E-2 on or prior to the NYC Cut Off Date certifying the amount in Euro of the Paid Non-Yard Costs as at the date of that certificate, duly signed by the Borrower.

“Fiscal Quarter” means any quarter of a Fiscal Year.

“Fiscal Year” means any annual fiscal reporting period of the Borrower.

“Fixed Charge Coverage Ratio” means, as of the end of any Fiscal Quarter, the ratio computed for the period of four consecutive Fiscal Quarters ending on the close of such Fiscal Quarter of:

- a) net cash from operating activities (determined in accordance with GAAP) for such period, as shown in the Borrower’s consolidated statement of cash flow for such period, to
- b) the sum of:
 - i) dividends actually paid by the Borrower during such period (including, without limitation, dividends in respect of preferred stock of the Borrower); plus
 - ii) scheduled payments of principal of all debt less New Financings (determined in accordance with GAAP, but in any event including Capitalized Lease Liabilities) of the Borrower and its Subsidiaries for such period.

“Fixed Rate” means a rate per annum equal to the sum of the CIRR plus the Fixed Rate Margin.

“Fixed Rate Margin” means 0.295% per annum.

“Floating Rate” means a rate per annum equal to the sum of the LIBO Rate plus the Floating Rate Margin.

“Floating Rate Margin” means, for each Interest Period 0.90% per annum.

“F.R.S. Board” means the Board of Governors of the Federal Reserve System or any successor thereto.

“French Authorities” means the *Direction Générale du Trésor* of the French Ministry of Economy and Finance, any successors thereto, or any other governmental authority in or of France involved in the provision, management or regulation of the terms, conditions and issuance of export credits including, among others, such entities to whom authority in respect of the extension or administration of export financing matters have been delegated, such as BpiFAE and Natixis DAI.

“Funding Losses Event” is defined in Section 4.4.1.

“GAAP” is defined in Section 1.4.

“Government-related Obligations” means obligations of the Borrower or any Subsidiary of the Borrower under, or Indebtedness incurred by the Borrower or any Subsidiary of the Borrower to satisfy obligations under, any governmental requirement imposed by any Applicable Jurisdiction that must be complied with to enable the Borrower and its Subsidiaries to continue their business in such Applicable Jurisdiction, excluding, in any event, any taxes imposed on the Borrower or any Subsidiary of the Borrower.

“Hedging Instruments” means options, caps, floors, collars, swaps, forwards, futures and any other agreements, options or instruments substantially similar thereto or any series or combination thereof used to hedge interest, foreign currency and commodity exposures.

“herein”, “hereof”, “hereto”, “hereunder” and similar terms contained in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular Section, paragraph or provision of this Agreement or such other Loan Document.

“Historic Screen Rate” means, in relation to the Loan, the most applicable recent rate which appeared on Thomson Reuters LIBOR 01 Page (or any similar page) for the currency of the Loan and for a period equal to the applicable Interest Period for the Loan and which is no more than 7 days before the commencement of the applicable Interest Period for which such rate may be applicable.

“Illegality Notice” is defined in Section 3.2(b).

“Indebtedness” means, for any Person: (a) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such property from such Person); (b) obligations of such Person to pay the deferred purchase or acquisition price of property or services, other than (i) trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within 180 days of the

date the respective goods are delivered or the respective services are rendered and (ii) any purchase price adjustment, earnout or deferred payment of a similar nature incurred in connection with an acquisition (but only to the extent that no payment has at the time accrued pursuant to such purchase price adjustment, earnout or deferred payment obligation; (c) Indebtedness of others secured by a Lien on the property of such Person, whether or not the respective indebtedness so secured has been assumed by such Person; (d) obligations of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for the account of such Person; (e) Capital Lease Obligations of such Person; (f) guarantees by such Person of Indebtedness of others, up to the amount of Indebtedness so guaranteed; (g) obligations of such Person in respect of surety bonds and similar obligations; and (h) liabilities arising under Hedging Instruments.

“Indemnified Liabilities” is defined in Section 11.4.

“Indemnified Parties” is defined in Section 11.4.

“Interest Payment Date” means each Repayment Date.

“Interest Period” means the period between the Actual Delivery Date and the first Repayment Date, and subsequently each succeeding period between two consecutive Repayment Dates.

“Interest Stabilisation Agreement” means an agreement on interest stabilisation entered into between Natixis and each Lender (other than BpiFAE or CAFFIL as assignee of all or any of SFIL’s rights as Lender following the enforcement of any security granted pursuant to paragraph (iv) of Section 11.11.1 in connection with the BpiFAE Enhanced Guarantee, subject as provided in Section 11.11.1) in connection with the Loan.

“Investment Grade” means, with respect to Moody’s, a Senior Debt Rating of Baa3 or better and, with respect to S&P, a Senior Debt Rating of BBB- or better.

“Lender Assignment Agreement” means any Lender Assignment Agreement substantially in the form of Exhibit C.

“Lender” and “Lenders” are defined in the preamble.

“Lending Office” means, relative to any Lender, the office of such Lender designated as such below its signature hereto or designated in a Lender Assignment Agreement or such other office of a Lender as designated from time to time by notice from such Lender to the Borrower and the Facility Agent, whether or not outside the United States but subject in all cases to the agreement of Natixis DAI in relation to the CIRR, which shall be making or maintaining the Loan of such Lender hereunder.

“LIBO Rate” means the rate per annum of the offered quotation for deposits in Dollars for six months (or for such other period as shall be agreed by the Borrower and the Facility Agent) which appears on Thomson Reuters LIBOR01 Page (or any successor page) at or about 11:00 a.m. (London time) two (2) Business Days before the commencement of the relevant Interest Period; provided that:

- a) subject to Section 3.3.6, if no such offered quotation appears on Thomson Reuters LIBOR01 Page (or any successor page) at the relevant time the LIBO Rate shall be the Historic Screen Rate or, if it is not possible to calculate an Historic Screen Rate, it shall be the rate per annum certified by the Facility Agent to be the average of the rates quoted by the Reference Banks as the rate at which each of the Reference Banks was (or would have been) offered deposits of Dollars by prime banks in the London interbank market in an amount approximately equal to the amount of the Loan and for a period of six months;
- b) for the purposes of determining the post-maturity rate of interest under Section 3.3.4, the LIBO Rate shall be determined by reference to deposits on an overnight or call basis or for such other period or periods as the Facility Agent may determine after consultation with the Lenders, which period shall be no longer than one month unless the Borrower otherwise agrees; and
- c) if that rate is less than zero, the LIBO Rate shall be deemed to be zero.

“Lien” means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property to secure payment of a debt or performance of an obligation or other priority or preferential arrangement of any kind or nature whatsoever.

“Lien Basket Amount” is defined in Section 7.2.3 b).

“Loan” means the advances made by the Lenders under this Agreement from time to time or, as the case may be, the aggregate outstanding amount of such advances from time to time.

“Loan Documents” means this Agreement, the Novation Agreement, the Fee Letters and the Escrow Account Security.

“Loan Request” means the loan request and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit A hereto.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations or financial condition of the Borrower and its Subsidiaries taken as a whole, (b) the rights and remedies of the Facility Agent or any Lender under the Loan Documents or (c) the ability of the Borrower to perform its payment Obligations under the Loan Documents.

“Material Litigation” is defined in Section 6.7.

“Maximum Loan Amount” is defined in the preamble.

“Moody's” means Moody's Investors Service, Inc.

“Natixis” means Natixis, a French *société anonyme* with its registered office at 30, avenue Pierre Mendès France, 75013 Paris, France, registered with the Paris Commercial and Companies Registry under number 542 044 524 RCS Paris.

“Natixis DAI” means Natixis DAI *Direction des Activités Institutionnelles*.

“Net Debt” means, at any time, the aggregate outstanding principal amount of all debt (including, without limitation, the principal portion of all capitalized leases) of the Borrower and its Subsidiaries (determined on a consolidated basis in accordance with GAAP) less the sum of (without duplication);

- a) all cash on hand of the Borrower and its Subsidiaries; plus
- b) all Cash Equivalents.

“Net Debt to Capitalization Ratio” means, as at any date, the ratio of (a) Net Debt on such date to (b) Capitalization on such date.

“New Financings” means proceeds from:

- a) borrowed money (whether by loan or issuance and sale of debt securities), including drawings under this Agreement and any revolving credit facilities of the Borrower, and
- b) the issuance and sale of equity securities.

“Non-Yard Costs” has the meaning assigned to “NYC Allowance” in Article II.1 of the Construction Contract and, when such expression is prefaced by the word “incurred”, shall mean such amount of the Non-Yard Costs, not exceeding EUR76,000,000 and when aggregated with the Other Basic Contract Price Increases in an amount not exceeding EUR78,300,000, as shall at the relevant time have been paid, or become payable, to the Builder by the Borrower under the Construction Contract as part of the Contract Price.

“Nordea Agreement” means the U.S. \$1,150,000,000 amended and restated credit agreement dated as of October 12, 2017, among the Borrower, as the borrower, the various financial institutions as are or shall become parties thereto and Nordea Bank AB (publ), New York Branch as administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“Novated Loan Balance” is as defined in the Novation Agreement.

“Novation Agreement” means the novation agreement dated 22 June 2016 (as amended) and made between the Original Borrower and the parties hereto pursuant to which (amongst other things) this Agreement was novated, amended and restated.

“NYC Cut Off Date” means the date falling 60 days after the Actual Delivery Date or such later date as the Lenders (with the approval of BpiFAE) may agree.

“Obligations” means all obligations (payment or otherwise) of the Borrower arising under or in connection with this Agreement.

“Option Period” is defined in Section 3.2(c).

“Organic Document” means, relative to the Borrower, its articles of incorporation (inclusive of any articles of amendment to its articles of incorporation) and its by-laws.

“Original Borrower” means Saintiami Finance Limited of Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

“Other Basic Contract Price Increases” is defined in the Novation Agreement.

“Paid Non-Yard Costs” means as at any relevant date, the amount in Euro of the Non-Yard Costs which have been paid for by the Borrower and, where applicable, supplied, installed and completed on the Purchased Vessel and as determined in accordance with the relevant amounts certified in the Delivery Non-Yard Costs Certificate or, as the case may be, the Final Non-Yard Costs Certificate as at such time.

“Participant” is defined in Section 11.11.2.

“Participant Register” is defined in Section 11.11.2.

“Percentage” means, relative to any Lender, the percentage set forth opposite its signature hereto or as set out in the applicable Lender Assignment Agreement, as such percentage may be adjusted from time to time pursuant to Section 4.9 or pursuant to Lender Assignment Agreement(s) executed by such Lender and its Assignee Lender(s) and delivered pursuant to Section 11.11.1.

“Person” means any natural person, corporation, limited liability company, partnership, firm, association, trust, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

“Prepayment Event” is defined in Section 9.1.

“Principal Subsidiary” means any Subsidiary of the Borrower that owns a Vessel.

“Purchased Vessel” is defined in the preamble.

“Receivable Purchase Agreement” is as defined in the Novation Agreement.

“Reference Banks” means Société Générale and Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch and such other Lender as shall be so named by the Borrower and agrees to serve in such role and each additional Reference Bank and/or each replacement Reference Bank appointed by the Facility Agent pursuant to Section 3.3.6.

“Register” is defined in Section 11.11.3.

“Repayment Date” means, subject to Section 4.8(c), each of the dates for payment of the repayment installments of the Loan pursuant to Section 3.1.

“Required Lenders” means, at any time, Lenders that in the aggregate, hold more than 50% of the aggregate unpaid principal amount of the Loan or, if no such principal amount is then outstanding, Lenders that in the aggregate have more than 50% of the Commitments.

“Restatement Date” means 5 October 2018, being the date on which the form of this Agreement was amended and restated.

"S&P" means Standard & Poor's Financial Services LLC, a wholly-owned subsidiary of The McGraw-Hill Financial Inc.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty's Treasury of the United Kingdom.

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of any Sanctions.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union or any European Union member state, or any person owned or controlled by any such Person or Persons, or (b) any Person operating, organized or resident in a Sanctioned Country.

"SEC" means the United States Securities and Exchange Commission and any successor thereto.

"Security Trustee" means Citicorp Trustee Company Limited of Citigroup Centre, Canada Square, London E14 5LB in its capacity as security trustee for the purpose of the Escrow Account Security.

"Senior Debt Rating" means, as of any date, (a) the implied senior debt rating of the Borrower for debt pari passu in right of payment and in right of collateral security with the Obligations as given by Moody's and S&P or (b) in the event the Borrower receives an actual unsecured senior debt rating (apart from an implied rating) from Moody's and/or S&P, such actual rating or ratings, as the case may be (and in such case the Senior Debt Rating shall not be determined by reference to any implied senior debt rating from either agency).

"SFIL" means SFIL, a French société anonyme with its registered office at 1-3 rue du Passeur de Boulogne, 92130 Issy-les-Moulineaux, France, registered at the trade and companies registry of Nanterre under number 428 782 585.

"Signing Date" means the date of the Novation Agreement.

"Spot Rate of Exchange" means, for the purposes of determining an equivalent amount in EUR of Dollars on any relevant date, the FX Rate EUR/USD (published on the basis of the 1:00pm London BFIX rate) two (2) Business Days before that date.

"Stockholders' Equity" means, as at any date, the Borrower's stockholders' equity on such date, excluding Accumulated Other Comprehensive Income (Loss), determined in accordance with GAAP, provided that any non-cash charge to Stockholders' Equity resulting (directly or indirectly) from a change after the Signing Date in GAAP or in the interpretation thereof shall be disregarded in the computation of Stockholders' Equity such that the amount of any reduction thereof resulting from such change shall be added back to Stockholders' Equity.

“Subsidiary” means, with respect to any Person, any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person.

“Unpaid Non-Yard Costs” means, as at the Actual Delivery Date, the amount in Euro of the Non-Yard Costs which have not been paid for by the Borrower and/or where applicable, supplied, installed and completed on the Purchased Vessel as at the Actual Delivery Date and as determined in accordance with the relevant amounts certified in the Delivery Non-Yard Costs Certificate.

“US Dollar Equivalent” means (i) for all EUR amounts payable in respect of the Additional Advances for the amount of the Non-Yard Costs or the Other Basic Contract Price Increases referred to in clause 5.2(a) of the Novation Agreement (and disregarding for the purposes of this definition that the Additional Advance in respect of such amounts shall be drawn in Dollars), such EUR amounts converted to a corresponding Dollar amount at the Weighted Average Rate of Exchange and (ii) for the EUR amount payable in respect of the Additional Advance for the BpiFAE Premium referred to in clause 5.2(b) of the Novation Agreement, and for the calculation and payment of the Novated Loan Balance (as defined in the Novation Agreement), the amount thereof in EUR converted to a corresponding Dollar amount as determined by the Facility Agent on the basis of the Spot Rate of Exchange. The US Dollar Equivalent of the Maximum Loan Amount shall be calculated by the Borrower in consultation with the Facility Agent no less than two (2) Business Days prior to the proposed Actual Delivery Date.

“United States” or “U.S.” means the United States of America, its fifty States and the District of Columbia.

“Vessel” means a passenger cruise vessel owned by the Borrower or one of its Subsidiaries.

“Weighted Average Rate of Exchange” means the weighted average rate of exchange that the Borrower has agreed, either in the spot or forward currency markets, to pay its counterparties for the purchase of the relevant amounts of euro with Dollars for the payment of the euro amount of the Contract Price (including the portion thereof comprising the change orders, any Other Basic Contract Price Increases and the Non-Yard Costs) and including in such weighted average calculation (a) the NYC Applicable Rate (as defined in the Novation Agreement) in relation to the portion of the Contract Price comprising the Non-Yard Costs and (b) the spot rates for any other euro amounts that have not been hedged by the Borrower.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SECTION 1.2. Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall, when capitalized, have such meanings when used in the Loan Request and each notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

SECTION 1.3. Cross-References. Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4. Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder (including under Section 7.2.4) shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared, in accordance with United States generally accepted accounting principles (“GAAP”) consistently applied (or, if not consistently applied, accompanied by details of the inconsistencies); provided that if the Borrower elects to apply or is required to apply International Financial Reporting Standards (“IFRS”) accounting principles in lieu of GAAP, upon any such election and notice to the Facility Agent, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in this Agreement); provided further that if, as a result of (i) any change in GAAP or IFRS or in the interpretation thereof or (ii) the application by the Borrower of IFRS in lieu of GAAP, in each case, after the date of the financial statements referred to in Section 6.15, there is a change in the manner of determining any of the items referred to herein or thereunder that are to be determined by reference to GAAP, and the effect of such change would (in the reasonable opinion of the Borrower or the Facility Agent) be such as to affect the basis or efficacy of the financial covenants contained in Section 7.2.4 in ascertaining the consolidated financial condition of the Borrower and its

Subsidiaries and the Borrower notifies the Facility Agent that the Borrower requests an amendment to any provision hereof to eliminate such change occurring after the date hereof in GAAP or the application thereof on the operation of such provision (or if the Facility Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), then such item shall for the purposes of Section 7.2.4 continue to be determined in accordance with GAAP relating thereto as if GAAP were applied immediately prior to such change in GAAP or in the interpretation thereof until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding the foregoing, all obligations of any person that are or would be characterized as operating lease obligations in accordance with GAAP on the Restatement Date (whether or not such operating lease obligations were in effect on such date) shall continue to be accounted for as operating lease obligations for the purposes of this Agreement regardless of any change in GAAP following the Restatement Date that would otherwise require such obligations to be recharacterized (on a prospective or retroactive basis or otherwise) as capital leases.

ARTICLE II

COMMITMENTS AND BORROWING PROCEDURES

SECTION 2.1. Commitment. On the terms and subject to the conditions of this Agreement (including Article V), each Lender severally agrees to make its portion of the Loan pursuant to its Commitment described in Section 2.2. No Lender's obligation to make its portion of the Loan shall be affected by any other Lender's failure to make its portion of the Loan.

SECTION 2.2. Commitment of the Lenders; Termination and Reduction of Commitments.

- a) Each Lender will make its portion of the Loan available to the Borrower in accordance with Section 2.3 on the Actual Delivery Date. The commitment of each Lender described in this Section 2.2 (herein referred to as its “Commitment”) shall be the commitment of such Lender to make available to the Borrower its portion of the Loan hereunder expressed as the initial amount set forth opposite such Lender’s name on its signature page attached hereto or, in the case of any Lender that becomes a Lender pursuant to an assignment pursuant to Section 11.11.1, the amount set forth as such Lender’s Commitment in the related Lender Assignment Agreement, in each case as such amount may be reduced from time to time pursuant clause 10.2 of the Novation Agreement or reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 11.11.1. Notwithstanding the foregoing, each Lender’s Commitment shall terminate on the earlier of (i) the Commitment Termination Date if the Purchased Vessel is not delivered prior to such date and (ii) the Actual Delivery Date.
- b) If any Lender shall default in its obligations under Section 2.1, the Facility Agent shall, at the request of the Borrower, use reasonable efforts to assist the Borrower in finding a bank or financial institution acceptable to the Borrower to replace such Lender.

SECTION 2.3. Borrowing Procedure.

- a) Part of the Loan in an amount equal to the Novated Loan Balance shall be assumed by the Borrower and be deemed to be advanced to, and borrowed by the Borrower, pursuant to the provisions of clause 3 of the Novation Agreement and thereafter converted into Dollars pursuant to clause 5.1 of the Novation Agreement.
- b) In relation to the amount of the Loan comprised by the Additional Advances, the Borrower shall deliver a Loan Request and the documents required to be delivered pursuant to Section 5.1.1(a) to the Facility Agent on or before 4:00 p.m., London time, not less than two (2) Business Days prior to the anticipated Actual Delivery Date. The Additional Advances shall be drawn in Dollars.
- c) The Facility Agent shall promptly notify each Lender of the Loan Request in respect of the Additional Advances by forwarding a copy thereof to each Lender, together with its attachments. On the terms and subject to the conditions of this Agreement, the portion of the Loan in respect of the Additional Advances shall be made on the Actual Delivery Date. On or before 11:00 a.m., London time, on the Actual Delivery Date, the Lenders shall, without any set-off or counterclaim, deposit with the Facility Agent same day funds in an amount equal to such Lender’s Percentage of the requested portion of the Additional Advances in Dollars. Such deposits will be made to such account which the Facility Agent shall specify from time to time by notice to the Lenders. To the extent funds are so received from the Lenders (and having regard, where applicable, to Sections 2.3 d), e) and f) below), the Facility Agent shall, without any set-off or counterclaim, make such funds available to the Borrower on the Actual Delivery Date by wire transfer of same day funds to the accounts the Borrower shall have specified in its Loan Request.

- d) If the Borrower elects to finance that part of the BpiFAE Premium payable by the Borrower with an Additional Advance under clause 5.2(b)(i) of the Novation Agreement, the Borrower shall indicate such election in the Loan Request. The amount of the advance in Dollars (the “US Dollar BpiFAE Advance Amount”) that will fund the BpiFAE Premium shall be equal to the Dollar amount that corresponds to the EUR amount of the BpiFAE Premium to be financed with such advance, which amount shall be determined by the Facility Agent based on the Spot Rate of Exchange. The Facility Agent shall notify the Borrower and the Lenders of the US Dollar BpiFAE Advance Amount on the date such Loan Request is delivered, and the Lenders shall deposit such US Dollar BpiFAE Advance Amount with the Facility Agent in accordance with Section 2.3.c). The Facility Agent shall furnish a certificate to the Borrower on the date such Loan Request is delivered setting forth such Spot Rate of Exchange, its derivation and the calculation of the US Dollar BpiFAE Advance Amount. If the Borrower elects to so finance the BpiFAE Premium, the Borrower will be deemed to have directed the Facility Agent to pay over directly to BpiFAE on behalf of the Borrower that portion of the EUR amount of the BpiFAE Premium to be financed with the proceeds of the advance on the Actual Delivery Date and to retain for its own account deposits made by the Lenders in Dollars in an amount equal to the portion of the US Dollar BpiFAE Advance Amount attributable to the BpiFAE Premium paid by the Facility Agent to BpiFAE on behalf of the Borrower.
- e) If the Borrower elects to finance that part of the BpiFAE Premium payable by the Borrower with an Additional Advance under clause 5.2(b)(ii) of the Novation Agreement, the Borrower shall indicate such election in the Loan Request (and whether it wishes to receive such amount in EUR or in Dollars). The amount of the advance in Dollars (the “US Dollar BpiFAE Balance Amount”) that will fund the BpiFAE Premium shall be equal to the Dollar amount that corresponds to the EUR amount of the BpiFAE Premium to be financed with such advance, which amount shall be determined by the Facility Agent based on the Spot Rate of Exchange. The Facility Agent shall notify the Borrower and the Lenders of the US Dollar BpiFAE Balance Amount on the date such Loan Request is delivered, and the Lenders shall deposit such US Dollar BpiFAE Balance Amount with the Facility Agent in accordance with Section 2.3.c). The Facility Agent shall furnish a certificate to the Borrower on the date such Loan Request is delivered setting forth such Spot Rate of Exchange, its derivation and the calculation of the US Dollar BpiFAE Balance Amount. If the Borrower elects to so finance the BpiFAE Premium and receive the proceeds in EUR, the Borrower will be deemed to have directed the Facility Agent to pay over to the Borrower or, if the Borrower so requires in a Loan Request, directly to the Builder on behalf of the Borrower that portion of the EUR amount of the BpiFAE Premium to be financed with the proceeds of the advance on the Actual Delivery Date and to retain for its own account deposits made by the Lenders in Dollars in an amount equal to the US Dollar BpiFAE Balance Amount.
- f) In relation to any Additional Advance that is to be advanced to the Borrower in respect of the Non-Yard Costs it is agreed that:
- i) an amount equal to the US Dollar Equivalent of eighty per cent (80%) of the Paid Non-Yard Costs shall be advanced to the Borrower on the Actual Delivery Date in accordance with the provisions of Section 2.3 c), which amount shall be determined

by the Facility Agent based on the amounts contained in the Delivery Non-Yard Costs Certificate; and

- ii) an amount equal to the US Dollar Equivalent of eighty per cent (80%) of the Unpaid Non-Yard Costs, which amount shall be determined by the Facility Agent based on the amounts contained in the Delivery Non-Yard Costs Certificate (the “Escrow Amount”), shall be remitted by the Facility Agent (and the Borrower hereby instructs the Facility Agent to make such remittance) to the Escrow Account and such amount shall be regulated in accordance with the following provisions of this Section 2.3 f) and the Escrow Account Security,

subject to the aggregate of the amounts referred to in i) and ii) above not exceeding the Maximum Non-Yard Costs Amount.

Where an Escrow Amount payment is made to the Escrow Account pursuant to ii) above, the Borrower shall be entitled at any time prior to the NYC Cut Off Date to provide the Facility Agent with the Final Non-Yard Cost Certificate setting out the final amount of the Paid Non-Yard Costs. Where the Final Non-Yard Costs Certificate is so received by the Facility Agent, the Facility Agent shall determine promptly the final EUR amount of the Paid Non-Yard Costs based on the amounts contained in the Final Non-Yard Costs Certificate and the US Dollar Equivalent of such EUR amount and within one Business Day thereafter shall authorize the release of the Escrow Amount (or, if less, an amount equal to the US Dollar Equivalent of eighty per cent of the Final Paid Non-Yard Costs (as determined above) less the amount previously advanced to the Borrower under i) above) to the Borrower. Any interest accruing on the Escrow Account shall be released to the Borrower at the same time as the release of the Escrow Amount (or, if applicable, part thereof) to the Borrower pursuant to this provision.

If any amount of the Escrow Amount remains on the Escrow Account on the day falling immediately after the NYC Cut Off Date (having regard to any applicable permitted release of moneys from the Escrow Account to the Borrower referred to above) then on the Business Day thereafter the Facility Agent shall be entitled to request the withdrawal of that amount from the Escrow Account and shall apply the amount so received, on behalf of the Borrower, in or towards prepayment of the Loan.

The basis on which the Escrow Account Security is held by the Security Trustee for the benefit of the Lenders is regulated under the agency and trust deed dated 22 June 2016 (as amended and restated and as acceded to by the Borrower) between the parties to this Agreement and the Security Trustee.

SECTION 2.4. Funding. Each Lender may, if it so elects, fulfill its obligation to make or continue its portion of the Loan hereunder by causing a branch or Affiliate (or an international banking facility created by such Lender) other than that indicated next to its signature to this Agreement or, as the case may be, in the relevant Lender Assignment Agreement, to make or maintain such portion of the Loan; provided that such portion of the Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such portion of the Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate

or international banking facility; provided, further, that the Borrower shall not be required to pay any amount under Sections 4.2(c), 4.3, 4.4, 4.5, 4.6 and 4.7 that is greater than the amount which it would have been required to pay had the Lender not caused such branch or Affiliate (or international banking facility) to make or maintain such portion of the Loan.

ARTICLE III

REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1. Repayments.

- a) The Borrower shall repay the Loan in 24 equal semi-annual installments, with the first installment to fall due on the date falling six (6) months after the Actual Delivery Date and the final installment to fall due on the date of Final Maturity.
- b) No such amounts repaid by the Borrower pursuant to this Section 3.1 may be re-borrowed under the terms of this Agreement.

SECTION 3.2. Prepayment.

- a) The Borrower
 - i) may, from time to time on any Business Day, make a voluntary prepayment, in whole or in part, of the outstanding principal amount of the Loan; provided that:
 - (A) all such voluntary prepayments shall require at least five (5) Business Days' prior written notice to the Facility Agent; and
 - (B) all such voluntary partial prepayments shall be in an aggregate minimum amount of \$10,000,000 and a multiple of \$1,000,000 (or in the remaining amount of the Loan) and shall be applied in inverse order of maturity or ratably among all remaining installments, as the Borrower shall designate to the Facility Agent, in satisfaction of the remaining repayment installments of the Loan; and
 - ii) shall, immediately upon any acceleration of the repayment of the installments of the Loan pursuant to Section 8.2 or 8.3 or the mandatory prepayment of the Loan pursuant to Section 9.2, repay the Loan.
- b) If it becomes unlawful in any jurisdiction for any Lender to perform any of its obligations under the Loan Documents or to maintain or fund its portion of the Loan, the affected Lender may give written notice (the "Illegality Notice") to the Borrower and the Facility Agent of such event, including reasonable details of the relevant circumstances.
- c) If an affected Lender delivers an Illegality Notice, the Borrower, the Facility Agent and the affected Lender shall discuss in good faith (but without obligation) what steps may be open to the relevant Lender to mitigate or remove such circumstances but, if they are unable to agree such steps within 20 Business Days or if the Borrower so elects, the

Borrower shall have the right, but not the obligation, exercisable at any time within 50 days after receipt of such Illegality Notice or, if earlier, the date upon which the unlawful event referred to in (b) above will apply (but not being a date falling earlier than the end of the 20 Business Day period referred to above) (the "Option Period"), either (1) to prepay the portion of the Loan held by such Lender in full on or before the expiry of the Option Period, together with all unpaid interest and fees thereon accrued to but excluding the date of such prepayment, or (2) to replace such Lender on or before the expiry of the Option Period with one or more financial institutions (I) acceptable to the Facility Agent (such consent not to be unreasonably withheld or delayed) and (II) where relevant, eligible to benefit from an Interest Stabilisation Agreement, pursuant to assignment(s) notified to and consented in writing by BpiFAE and, where relevant Natixis DAI, provided that (x) in the case of a single assignment, any such assignment shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or, in the case of more than one assignment, an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that collectively cover all of the rights and obligations of the assigning Lender under this Agreement and (y) no Lender shall be obliged to make any such assignment as a result of an election by the Borrower pursuant to this Section 3.2(c) unless and until such Lender shall have received one or more payments from one or more Assignee Lenders and/or the Borrower in an aggregate amount at least equal to the portion of the Loan held by such Lender, together with all unpaid interest and fees thereon accrued to but excluding the date of such assignment (and all other amounts then owing to such Lender under this Agreement).

Each prepayment of the Loan made pursuant to this Section shall be without premium or penalty, except as may be required by Section 4.4. No amounts prepaid by the Borrower may be re-borrowed under the terms of this Agreement.

SECTION 3.3. Interest Provisions. Interest on the outstanding principal amount of the Loan shall accrue and be payable in accordance with this Section 3.3.

SECTION 3.3.1. Rates. The Loan shall accrue interest from the Actual Delivery Date to the date of repayment or prepayment of the Loan in full to the Lenders at the Fixed Rate or, where the proviso to Section 5.1.10 applies, the Floating Rate. Interest calculated at the Fixed Rate or the Floating Rate shall be payable semi-annually in arrears on each Repayment Date. The Loan shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to the Loan. All interest shall be calculated on the basis of the actual number of days elapsed over a year comprised of 360 days.

SECTION 3.3.2. [Intentionally omitted]

SECTION 3.3.3. Interest stabilisation. Each Lender who is a party hereto on the Restatement Date represents and warrants to the Borrower that it has entered into an Interest Stabilisation Agreement and any Lender not a party hereto on the Restatement Date (other than BpiFAE or CAFFIL as assignee of all or any of SFIL's rights as Lender following the enforcement of the security granted pursuant

to paragraph (iv) of Section 11.11.1 in connection with the BpiFAE Enhanced Guarantee, subject as provided in Section 11.11.1(iv) represents and warrants to the Borrower on the date that such Lender becomes a party hereto that it has entered into an Interest Stabilisation Agreement on or prior to becoming a party hereto.

SECTION 3.3.4. Post-Maturity Rates. After the date any principal amount of the Loan is due and payable (whether on any Repayment Date, upon acceleration or otherwise), or after any other monetary Obligation of the Borrower shall have become due and payable, the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on such amounts for each day during the period of such default at a rate per annum certified by the Facility Agent to the Borrower (which certification shall be conclusive in the absence of manifest error) to be equal to the sum of the Floating Rate plus 1.5% per annum.

SECTION 3.3.5. Payment Dates. Interest accrued on the Loan shall be payable, without duplication, on the earliest of:

- a) each Interest Payment Date;
- b) each Repayment Date;
- c) the date of any prepayment, in whole or in part, of principal outstanding on the Loan (but only on the principal so prepaid); and
- d) on that portion of the Loan the repayment of which is accelerated pursuant to Section 8.2 or Section 8.3, immediately upon such acceleration.

SECTION 3.3.6. Interest Rate Determination; Replacement Reference Banks. Where Section 3.3.4 or the Floating Rate applies, the Facility Agent shall obtain from each Reference Bank timely information for the purpose of determining the LIBO Rate in the event that no offered quotation appears on Thomson Reuters LIBOR01 Page (or any successor page) and the LIBO Rate is to be determined by reference to quotations supplied by the Reference Banks and not by reference to the Historic Screen Rate. If any one or more of the Reference Banks shall fail to furnish in a timely manner such information to the Facility Agent for any such interest rate, the Facility Agent shall determine such interest rate on the basis of the information furnished by the remaining Reference Banks. If the Borrower elects to add an additional Reference Bank hereunder or a Reference Bank ceases for any reason to be able and willing to act as such, the Facility Agent shall, at the direction of the Required Lenders and after consultation with the Borrower and the Lenders, appoint a replacement for such Reference Bank reasonably acceptable to the Borrower, and such replaced Reference Bank shall cease to be a Reference Bank hereunder. The Facility Agent shall furnish to the Borrower and to the Lenders each determination of the LIBO Rate made by reference to quotations of interest rates furnished by Reference Banks (it being understood that the Facility Agent shall not be required to disclose to any party hereto (other than the Borrower) any information regarding any Reference Bank or any rate quoted by a Reference Bank, including, without limitation, whether a Reference Bank has provided a rate or the rate provided by any individual Reference Bank).

Interest accrued on the Loan or other monetary Obligations arising under this Agreement or any other Loan Document after the date such amount is due and payable (whether upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.4. Commitment Fees. Subject to clause 10.1 of the Novation Agreement, the Borrower agrees to pay to the Facility Agent for the account of each Lender a commitment fee (the “Commitment Fee”) on its daily unused portion of Maximum Loan Amount (as such amount may be adjusted from time to time), for the period commencing on the Signing Date and continuing through the earliest to occur (the “Commitment Fee Termination Date”) of (i) the Actual Delivery Date, (ii) the date upon which the Facility Agent has provided the Borrower with written notice that the Lenders will not advance the Loan because the Commitments have been terminated pursuant to Section 8.2 or 8.3, (iii) the Commitment Termination Date and (iv) the date the Commitments shall have been terminated in full pursuant to clause 10.2 of the Novation Agreement.

SECTION 3.4.1. Payment. The Commitment Fee shall be payable by the Borrower to the Facility Agent for the account of each Lender six-monthly in arrears, with the first such payment (the “First Commitment Fee Payment”) to be made on the day falling six months following the Signing Date and the final such payment to be made on the Commitment Fee Termination Date (each date on which a Commitment Fee payment is required to be made in accordance with this Section 3.4.1 referred to herein as a “Commitment Fee Payment Date”). The Commitment Fee shall be in the amount in EUR equal to the product of the Applicable Commitment Rate, multiplied by, for each day elapsed since the preceding Commitment Fee Payment Date (or, in the case of the First Commitment Fee Payment, the Signing Date), 75% of the Maximum Loan Amount, divided by 360 days.

SECTION 3.5. Other Fees. The Borrower agrees to pay to the Facility Agent the agreed-upon fees set forth in the Fee Letters on the dates and in the amounts set forth therein.

ARTICLE IV

CERTAIN LIBO RATE AND OTHER PROVISIONS

SECTION 4.1. LIBO Rate Lending Unlawful. If after the Signing Date the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority having jurisdiction over such Lender asserts that it is unlawful for such Lender to make, continue or maintain its portion of the Loan where the relevant Lender has funded itself in the interbank market at a rate based on the LIBO Rate, the obligation of such Lender to make, continue or maintain its portion of the Loan shall, upon notice thereof to the Borrower, the Facility Agent and each other Lender, forthwith be suspended until the circumstances causing such suspension no longer exist, provided that such Lender’s obligation to make, continue and maintain its portion of the Loan hereunder shall be automatically converted into an obligation to make, continue and maintain its portion of the

Loan bearing interest at a rate to be negotiated between such Lender and the Borrower that is the equivalent of the sum of the LIBO Rate for the relevant Interest Period plus the Floating Rate Margin.

SECTION 4.2. Deposits Unavailable. If any Lender has funded itself in the interbank market and the Facility Agent shall have determined that:

- a) Dollar deposits in the relevant amount and for the relevant Interest Period are not available to each Reference Bank in its relevant market, or
- b) by reason of circumstances affecting the Reference Banks' relevant markets, adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBO Rate loans for the relevant Interest Period, or
- c) the cost to Lenders that in the aggregate hold more than 50% of the aggregate outstanding principal amount of the Loan then held by Lenders of obtaining matching deposits in the relevant interbank market for the relevant Interest Period would be in excess of the LIBO Rate (provided, that no Lender may exercise its rights under this Section 4.2.c) for amounts up to the difference between such Lender's cost of obtaining matching deposits on the date such Lender becomes a Lender hereunder less the LIBO Rate on such date),

then the Facility Agent shall give notice of such determination (hereinafter called a "Determination Notice") to the Borrower and each of the Lenders. The Borrower, the Lenders and the Facility Agent shall then negotiate in good faith in order to agree upon a mutually satisfactory interest rate and interest period (or interest periods) to be substituted for those which would otherwise have applied under this Agreement. If the Borrower, the Lenders and the Facility Agent are unable to agree upon an interest rate (or rates) and interest period (or interest periods) prior to the date occurring fifteen (15) Business Days after the giving of such Determination Notice, the Facility Agent shall (after consultation with the Lenders) set an interest rate and an interest period (or interest periods), in each case to take effect at the end of the Interest Period current at the date of the Determination Notice, which rate (or rates) shall be equal to the sum of the Floating Rate Margin and the weighted average of the corresponding interest rates at or about 11:00 a.m. (London time) two (2) Business Days before the commencement of the relevant Interest Period on Thomson Reuters' pages KLIEMMM, GARBIC01 and FINA01 (or such other pages as may replace Thomson Reuters' pages KLIEMMM, GARBIC01 or FINA01 on Thomson Reuters' service) (or, in the case of clause (c) above, the lesser of (x) the respective cost to the Lenders of funding the respective portions of the Loan held by the Lenders and (y) such weighted average). The Facility Agent shall furnish a certificate to the Borrower as soon as reasonably practicable after the Facility Agent has given such Determination Notice setting forth such rate(s). In the event that the circumstances described in this Section 4.2 shall extend beyond the end of an interest period agreed or set pursuant hereto, the foregoing procedure shall be repeated as often as may be necessary.

SECTION 4.3. Increased LIBO Rate Loan Costs, etc. If after the Signing Date a change in any applicable treaty, law, regulation or regulatory requirement or in the interpretation thereof or in its application to the Borrower,

or if compliance by any Lender with any applicable direction, request, requirement or guideline (whether or not having the force of law) of any governmental or other authority including, without limitation, any agency of the European Union or similar monetary or multinational authority insofar as it may be changed or imposed after the date hereof, shall:

- a) subject any Lender to any taxes, levies, duties, charges, fees, deductions or withholdings of any nature with respect to its portion of the Loan or any part thereof imposed, levied, collected, withheld or assessed by any jurisdiction or any political subdivision or taxing authority thereof (other than taxation on overall net income and, to the extent such taxes are described in Section 4.6, withholding taxes); or
- b) change the basis of taxation to any Lender (other than a change in taxation on the overall net income of any Lender) of payments of principal or interest or any other payment due or to become due pursuant to this Agreement; or
- c) impose, modify or deem applicable any reserve or capital adequacy requirements (other than the increased capital costs described in Section 4.5 and the reserve costs described in Section 4.7) or other banking or monetary controls or requirements which affect the manner in which a Lender shall allocate its capital resources to its obligations hereunder or require the making of any special deposits against or in respect of any assets or liabilities of, deposits with or for the account of, or loans by, any Lender (provided that such Lender shall, unless prohibited by law, allocate its capital resources to its obligations hereunder in a manner which is consistent with its present treatment of the allocation of its capital resources); or
- d) impose on any Lender any other condition affecting its portion of the Loan or any part thereof,

and the result of any of the foregoing is either (i) to increase the cost to such Lender of making its portion of the Loan or maintaining its portion of the Loan or any part thereof, (ii) to reduce the amount of any payment received by such Lender or its effective return hereunder or on its capital or (iii) to cause such Lender to make any payment or to forego any return based on any amount received or receivable by such Lender hereunder, then and in any such case if such increase or reduction in the opinion of such Lender materially affects the interests of such Lender, (A) such Lender shall (through the Facility Agent) notify the Borrower of the occurrence of such event and use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and the terms of the BpiFAE Insurance Policy and (if the Fixed Rate applies) the arrangements with Natixis DAI relating to the CIRRR) to designate a different Lending Office if the making of such a designation would avoid the effects of such law, regulation or regulatory requirement or any change therein or in the interpretation thereof and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender and (B) the Borrower shall forthwith upon such demand pay to the Facility Agent for the account of such Lender such amount as is necessary to compensate such Lender for such additional cost or such reduction and ancillary expenses, including taxes, incurred as a result of such adjustment. Such notice shall (i) describe in reasonable detail the event leading to such additional cost, together with the approximate date of the effectiveness thereof, (ii) set forth the amount of such additional cost, (iii) describe the manner in which such amount has been calculated, (iv) certify that the method used to calculate such amount is such Lender's standard method of calculating such amount,

(v) certify that such request is consistent with its treatment of other borrowers that are subject to similar provisions, and (vi) certify that, to the best of its knowledge, such change in circumstance is of general application to the commercial banking industry in such Lender's jurisdiction of organization or in the relevant jurisdiction in which such Lender does business. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that in relation to increased costs or reductions arising after the Effective Date the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than three months prior to the date that such Lender notifies the Borrower of the circumstance giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the circumstance giving rise to such increased costs or reductions is retroactive, then the three-month period referred to above shall be extended to include the period of retroactive effect thereof, but not more than six months prior to the date that such Lender notifies the Borrower of the circumstance giving rise to such cost or reductions and of such Lender's intention to claim compensation therefor.

It is acknowledged that the Borrower shall have no liability to compensate any Lender under this Section for amounts of increased costs that accrue before the Effective Time on the Actual Delivery Date (with any such amounts arising before the Effective Time being the responsibility of the Original Borrower).

SECTION 4.4. Funding Losses.

SECTION 4.4.1. Indemnity. In the event any Lender shall incur any loss or expense (for the avoidance of doubt excluding loss of profit) by reason of the liquidation or re-employment (at not less than the market rate) of deposits or other funds acquired by such Lender, to make, continue or maintain any portion of the principal amount of its portion of the Loan as a result of:

- i) any repayment or prepayment or acceleration of the principal amount of such Lender's portion of the Loan, other than any repayment made on the date scheduled for such repayment or (if the Floating Rate applies) any repayment or prepayment or acceleration on a date other than the scheduled last day of an Interest Period or otherwise scheduled date for repayment or payment; or
- ii) the relevant portion of the Loan not being made in accordance with the Loan Request therefor due to the fault of the Borrower or as a result of any of the conditions precedent set forth in clause 6.1(c) of the Novation Agreement and Article V not being satisfied,

(a "Funding Losses Event") then, upon the written notice of such Lender to the Borrower (with a copy to the Facility Agent), the Borrower shall, within three (3) days of its receipt thereof:

- a) if at that time interest is calculated at the Floating Rate on such Lender's portion of the Loan, pay directly to the Facility Agent for the account of such Lender an amount equal to the amount by which:
 - (i) interest calculated at the Floating Rate (excluding the Floating Rate Margin) which such Lender would have received on its share of the amount of the Loan subject to such Funding Losses Event

for the period from the date of receipt of any part of its share in the Loan to the last day of the applicable Interest Period,

exceeds:

- (ii) the amount which such Lender would be able to obtain by placing an amount equal to the amount received by it on deposit with a leading bank in the appropriate interbank market for a period starting on the Business Day following receipt and ending on the last day of the applicable Interest Period; or

b)if at that time interest is calculated at the Fixed Rate on such Lender's portion of the Loan, pay to the Facility Agent the amount notified to it following the calculation referred to in the next paragraph.

Since the Lenders commit themselves irrevocably to the French Authorities in charge of monitoring the CIRR mechanism, any prepayment (whether voluntary, involuntary or mandatory, including following the acceleration of the Loan) will be subject to the mandatory payment by the Borrower of the amount calculated in liaison with the French Authorities two (2) Business Days prior to the prepayment date by taking into account the differential (the "Rate Differential") between the CIRR and the prevailing market yield (currently ISDAFIX) for each installment to be prepaid and applying such Rate Differential to the remaining residual period of such installment and discounting to the net present value as described below. Each of these Rate Differentials will be applied to the corresponding installment to be prepaid during the period starting on the date on which such prepayment is required to be made and ending on the original Repayment Date (as adjusted following any previous prepayments) for such installment and:

- (A) the net present value of each corresponding amount resulting from the above calculation will be determined at the corresponding market yield; and
- (B) if the cumulated amount of such present values is negative, no amount shall be due to the Borrower or from the Borrower.

Such written notice shall include calculations in reasonable detail setting forth the loss or expense to such Lender.

SECTION 4.4.2. Exclusion In the event that a Lender's wilful misconduct or gross negligence has caused the loss or cancellation of the BpiFAE Insurance Policy, the Borrower shall not be liable to indemnify that Lender under Section 4.4.1 for its loss or expense arising due to the occurrence of the Prepayment Event referred to in Section 9.1.9.

SECTION 4.5. Increased Capital Costs. If after the Signing Date any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority increases the amount

of capital required to be maintained by any Lender or any Person controlling such Lender, and the rate of return on its or such controlling Person's capital as a consequence of its Commitment or its portion of the Loan made by such Lender is reduced to a level below that which such Lender or such controlling Person would have achieved but for the occurrence of any such change in circumstance, then, in any such case upon notice from time to time by such Lender to the Borrower, the Borrower shall immediately pay directly to such Lender additional amounts sufficient to compensate such Lender or such controlling Person for such reduction in rate of return. Any such notice shall (i) describe in reasonable detail the capital adequacy requirements which have been imposed, together with the approximate date of the effectiveness thereof, (ii) set forth the amount of such lowered return, (iii) describe the manner in which such amount has been calculated, (iv) certify that the method used to calculate such amount is such Lender's standard method of calculating such amount, (v) certify that such request for such additional amounts is consistent with its treatment of other borrowers that are subject to similar provisions and (vi) certify that, to the best of its knowledge, such change in circumstances is of general application to the commercial banking industry in the jurisdictions in which such Lender does business. In determining such amount, such Lender may use any method of averaging and attribution that it shall, subject to the foregoing sentence, deem applicable. Each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and the terms of the BpiFAE Insurance Policy and (if the Fixed Rate applies) the arrangements with Natixis DAI relating to the CIRRR) to designate a different Lending Office if the making of such a designation would avoid such reduction in such rate of return and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that in relation to increased costs or reductions arising after the Effective Date the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than three months prior to the date that such Lender notifies the Borrower of the circumstance giving rise to such reductions and of such Lender's intention to claim compensation therefor; provided further that, if the circumstance giving rise to such reductions is retroactive, then the three-month period referred to above shall be extended to include the period of retroactive effect thereof, but not more than six months prior to the date that such Lender notifies the Borrower of the circumstance giving rise to such reductions and of such Lender's intention to claim compensation therefor.

It is acknowledged that the Borrower shall have no liability to compensate any Lender under this Section for reduced returns that accrue before the Effective Time on the Actual Delivery Date (with any compensation liability to the Lenders arising before the Effective Time being the responsibility of the Original Borrower).

SECTION 4.6. Taxes. All payments by the Borrower of principal of, and interest on, the Loan and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income,

excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by any Lender's net income or receipts of such Lender and franchise taxes imposed in lieu of net income taxes or taxes on receipts, by the jurisdiction under the laws of which such Lender is organized or any political subdivision thereof or the jurisdiction of such Lender's Lending Office or any political subdivision thereof or any other jurisdiction unless such net income taxes are imposed solely as a result of the Borrower's activities in such other jurisdiction, and any taxes imposed under FATCA (such non-excluded items being called "Covered Taxes"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Covered Taxes pursuant to any applicable law, rule or regulation, then the Borrower will:

- a) pay directly to the relevant authority the full amount required to be so withheld or deducted;
- b) promptly forward to the Facility Agent an official receipt or other documentation satisfactory to the Facility Agent evidencing such payment to such authority; and
- c) pay to the Facility Agent for the account of the Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by each Lender will equal the full amount such Lender would have received had no such withholding or deduction been required.

Moreover, if any Covered Taxes are directly asserted against the Facility Agent or any Lender with respect to any payment received or paid by the Facility Agent or such Lender hereunder, the Facility Agent or such Lender may pay such Covered Taxes and the Borrower will promptly pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Covered Taxes (including any Covered Taxes on such additional amount) shall equal the amount such person would have received had no such Covered Taxes been asserted.

Any Lender claiming any additional amounts payable pursuant to this Section agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and the terms of the BpiFAE Insurance Policy and (if the Fixed Rate applies) the arrangements with Natixis DAI relating to the CIRRR) to change the jurisdiction of its Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

If the Borrower fails to pay any Covered Taxes when due to the appropriate taxing authority or fails to remit to the Facility Agent for the account of the respective Lenders the required receipts or other required documentary evidence, the Borrower shall indemnify the Lenders for any incremental withholding Covered Taxes, interest or penalties that may become payable by any Lender as a result of any such failure (so long as such amount did not become payable as a result of the failure of such Lender to provide timely notice to the Borrower of the assertion of a liability related to the payment of Covered Taxes). For purposes of this Section

4.6, a distribution hereunder by the Facility Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Borrower.

If any Lender is entitled to any refund, credit, deduction or other reduction in tax by reason of any payment made by the Borrower in respect of any Covered Tax under this Section 4.6 or by reason of any payment made by the Borrower pursuant to Section 4.3, such Lender shall use reasonable efforts to obtain such refund, credit, deduction or other reduction and, promptly after receipt thereof, will pay to the Borrower such amount (plus any interest received by such Lender in connection with such refund, credit, deduction or reduction) as is equal to the net after-tax value to such Lender of such part of such refund, credit, deduction or reduction as such Lender reasonably determines is allocable to such Covered Tax or such payment (less out-of-pocket expenses incurred by such Lender), provided that no Lender shall be obligated to disclose to the Borrower any information regarding its tax affairs or tax computations.

Each Lender (and each Participant) agrees with the Borrower and the Facility Agent that it will (i) in the case of a Lender or a Participant organized under the laws of a jurisdiction other than the United States (a) provide to the Facility Agent and the Borrower an appropriately executed copy of Internal Revenue Service Form W-8ECI certifying that any payments made to or for the benefit of such Lender or such Participant are effectively connected with a trade or business in the United States (or alternatively, an Internal Revenue Service Form W-8BEN claiming the benefits of a tax treaty, but only if the applicable treaty described in such form provides for a complete exemption from U.S. federal income tax withholding), or any successor form, on or prior to the date hereof (or, in the case of any assignee Lender or Participant, on or prior to the date of the relevant assignment or participation), in each case attached to an Internal Revenue Service Form W-8IMY, if appropriate, (b) notify the Facility Agent and the Borrower if the certifications made on any form provided pursuant to this paragraph are no longer accurate and true in all material respects and (c) without prejudice to its obligations under Section 4.13, provide such other tax forms or other documents as shall be prescribed by applicable law, if any, or as otherwise reasonably requested, to demonstrate, to the extent applicable, that payments to such Lender Party (or Participant) hereunder are exempt from withholding under FATCA, and (ii) in all cases, provide such forms, certificates or other documents, as and when reasonably requested by the Borrower, necessary to claim any applicable exemption from, or reduction of, Covered Taxes or any payments made to or for benefit of such Lender Party or such Participant, provided that the Lender Party or Participant is legally able to deliver such forms, certificates or other documents. For any period with respect to which a Lender (or assignee Lender or Participant) has failed to provide the Borrower with the foregoing forms (other than if such failure is due to a change in law occurring after the date on which a form originally was required to be provided (which, in the case of an Assignee Lender, would be the date on which the original assignor was required to provide such form) or if such form otherwise is not required hereunder) such Lender (or assignee Lender or Participant) shall not be entitled to the benefits of this Section 4.6 with respect to Covered Taxes imposed by reason of such failure.

All fees and expenses payable pursuant to Section 11.3 shall be paid together with value added tax or any similar tax (if any) properly chargeable thereon. Any value added tax chargeable in respect of any services supplied by a Lender or an Agent under this Agreement shall, on delivery of the value added tax invoice, be paid in addition to any sum agreed to be paid hereunder.

SECTION 4.7. Reserve Costs. Without in any way limiting the Borrower's obligations under Section 4.3, the Borrower shall, with effect from

the Effective Time, pay to the Facility Agent for the account of each Lender on the last day of each Interest Period, so long as the relevant Lending Office of such Lender is required to maintain reserves against “Eurocurrency liabilities” under Regulation D of the F.R.S. Board, upon notice from such Lender, an additional amount equal to the product of the following for the Loan for each day during such Interest Period:

(i) the principal amount of the Loan outstanding on such day; and

(ii) the remainder of (x) a fraction the numerator of which is the rate (expressed as a decimal) at which interest accrues on the Loan for such Interest Period as provided in this Agreement (less, if applicable, the Floating Rate Margin) and the denominator of which is one minus any increase after the Signing Date in the effective rate (expressed as a decimal) at which such reserve requirements are imposed on such Lender minus (y) such numerator; and

(iii) 1/360.

Such notice shall (i) describe in reasonable detail the reserve requirement that has been imposed, together with the approximate date of the effectiveness thereof, (ii) set forth the applicable reserve percentage, (iii) certify that such request is consistent with such Lender’s treatment of other borrowers that are subject to similar provisions and (iv) certify that, to the best of its knowledge, such requirements are of general application in the commercial banking industry in the United States.

Each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and the terms of the BpiFAE Insurance Policy and (if the Fixed Rate applies) the arrangements with Natixis DAI relating to the CIRR) to avoid the requirement of maintaining such reserves (including by designating a different Lending Office) if such efforts would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 4.8. Payments, Computations, etc.

- a) Unless otherwise expressly provided, all payments by the Borrower pursuant to this Agreement or any other Loan Document shall be made by the Borrower to the Facility Agent for the pro rata account of the Lenders entitled to receive such payment. All such payments required to be made to the Facility Agent shall be made, without set-off, deduction or counterclaim, not later than 11:00 a.m., New York time, on the date due, in same day or immediately available funds through the New York Clearing House Interbank Payments System (or such other funds as may be customary for the settlement of international banking transactions in Dollars), to such account as the Facility Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Lenders on the next succeeding Business Day.
- b) Each Lender hereby instructs the Facility Agent, with respect to any portion of the Loan held by such Lender, to pay directly to such Lender interest thereon at the Fixed Rate or (if the proviso to Section 5.1.10 applies) the Floating Rate, on the basis that (if the Fixed Rate applies) such Lender will, where amounts are payable to Natixis

by that Lender under the Interest Stabilisation Agreement, account directly to Natixis for any such amounts payable by that Lender under the Interest Stabilisation Agreement to which such Lender is a party.

- c) The Facility Agent shall promptly (but in any event on the same Business Day that the same are received or, as contemplated in clause (a) of this Section, deemed received) remit in same day funds to each Lender its share, if any, of such payments received by the Facility Agent for the account of such Lender without any set-off, deduction or counterclaim. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days. Whenever any payment to be made shall otherwise be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees, if any, in connection with such payment.

SECTION 4.9. Replacement Lenders, etc. If the Borrower shall be required to make any payment to any Lender pursuant to Section 4.2(c), 4.3, 4.4, 4.5, 4.6 or 4.7, the Borrower shall be entitled at any time (so long as no Default and no Prepayment Event shall have occurred and be continuing) within 180 days after receipt of notice from such Lender of such required payment to (a) terminate such Lender's Commitment (where upon the Percentage of each other Lender shall automatically be adjusted to an amount equal to such Lender's ratable share of the remaining Commitments), (b) prepay the affected portion of such Lender's Loan in full, together with accrued interest thereon through the date of such prepayment (provided that the Borrower shall not terminate any Lender's Commitment pursuant to clause (a) or prepay any such Lender pursuant to this clause (b) without replacing such Lender pursuant to the following clause (c) until a 30-day period shall have elapsed during which the Borrower and the Facility Agent shall have attempted in good faith to replace such Lender), and/or (c) replace such Lender with another financial institution reasonably acceptable to the Facility Agent and (if the Fixed Rate applies) Natixis DAI, provided that (i) each such assignment shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement and (ii) no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section unless and until such Lender shall have received one or more payments from either the Borrower or one or more Assignee Lenders in an aggregate amount at least equal to the aggregate outstanding principal amount of the Loan owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement. Each Lender represents and warrants to the Borrower that, as of the Signing Date (or, with respect to any Lender not a party hereto on the Signing Date, on the date that such Lender becomes a party hereto), there is no existing treaty, law, regulation, regulatory requirement, interpretation, directive, guideline, decision or request pursuant

to which such Lender would be entitled to request any payments under any of Sections 4.3, 4.4, 4.5, 4.6 and 4.7 to or for account of such Lender.

SECTION 4.10. Sharing of Payments.

SECTION 4.10.1. Payments to Lenders. If a Lender (a "**Recovering Lender**") receives or recovers any amount from the Borrower other than in accordance with Section 4.8 (Payments, Computations, etc.) (a "**Recovered Amount**") and applies that amount to a payment due under the Loan Documents then:

- a) the Recovering Lender shall, within three (3) Business Days, notify details of the receipt or recovery to the Facility Agent;
- b) the Facility Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Lender would have been paid had the receipt or recovery been received or made by the Facility Agent and distributed in accordance with the said Section 4.8, without taking account of any taxes which would be imposed on the Facility Agent in relation to the receipt, recovery or distribution; and
- c) the Recovering Lender shall, within three (3) Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the "**Sharing Payment**") equal to such receipt or recovery less any amount which the Facility Agent determines may be retained by the Recovering Lender as its share of any payment to be made, in accordance with any applicable provisions of this Agreement.

SECTION 4.10.2. Redistribution of payments. The Facility Agent shall treat the Sharing Payment as if it had been paid by the Borrower and distribute it between the Lenders (other than the Recovering Lender) (the "**Sharing Lenders**") in accordance with the provisions of this Agreement towards the obligations of the Borrower to the Sharing Lenders.

SECTION 4.10.3. Recovering Lender's rights. On a distribution by the Facility Agent under Section 4.10.2 of a payment received by a Recovering Lender from the Borrower, as between the Borrower and the Recovering Lender, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by the Borrower.

SECTION 4.10.4. Reversal of redistribution If any part of the Sharing Payment received or recovered by a Recovering Lender becomes repayable and is repaid by that Recovering Lender, then:

- a) each Sharing Lender shall, upon request of the Facility Agent, pay to the Facility Agent for the account of that Recovering Lender an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Lender for its proportion of any interest on the Sharing Payment which that Recovering Lender is required to pay) (the "**Redistributed Amount**"); and
- b) as between the Borrower and each relevant Sharing Lender, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by the Borrower.

SECTION 4.10.5. Exceptions.

- a) This Section 4.10 shall not apply to the extent that the Recovering Lender would not, after making any payment pursuant to this Section 4.10, have a valid and enforceable claim against the Borrower.
- b) A Recovering Lender is not obliged to share with any other Lender any amount which the Recovering Lender has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified the other Lender of the legal or arbitration proceedings; and
 - (ii) the other Lender had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

SECTION 4.11. Set-off. Upon the occurrence and during the continuance of an Event of Default or a Prepayment Event, each Lender shall have, to the extent permitted by applicable law, the right to appropriate and apply to the payment of the Obligations then due and owing to it any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with such Lender; provided that any such appropriation and application shall be subject to the provisions of Section 4.10. Each Lender agrees promptly to notify the Borrower and the Facility Agent after any such set-off and application made by such Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of set-off under applicable law or otherwise) which such Lender may have.

SECTION 4.12. Use of Proceeds. The Borrower shall apply the proceeds of the Loan made available to the Borrower in respect of the Additional Advances for the purpose of making payments of, or reimbursing the Borrower for payments already made for, the amounts referred to in clauses 5.2, 5.3 and/or 5.4 of the Novation Agreement and, without limiting the foregoing, no proceeds of the Loan will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any “margin stock”, as defined in F.R.S. Board Regulation U.

SECTION 4.13. FATCA Information.

- a) Subject to paragraph c) below, each party (other than the Borrower) shall, within ten Business Days of a reasonable request by another party (other than the Borrower):
 - (i) confirm to that other party whether it is:
 - (A)a FATCA Exempt Party; or
 - (B)not a FATCA Exempt Party;

(ii) supply to that other party such forms, documentation and other information relating to its status under FATCA as that other party reasonably requests for the purposes of that other party's compliance with FATCA;

(iii) supply to that other party such forms, documentation and other information relating to its status as that other party reasonably requests for the purposes of that other party's compliance with any other law, regulation, or exchange of information regime.

- b) If a party confirms to another party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that party shall notify that other party reasonably promptly.
- c) Paragraph a) above shall not oblige any Lender or the Facility Agent to do anything, and paragraph a)(iii) above shall not oblige any other party to do anything, which would or might in its reasonable opinion constitute a breach of:
- (i) any law or regulation;
 - (ii) any fiduciary duty; or
 - (iii) any duty of confidentiality.
- d) If a party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such party shall be treated for the purposes of the Loan Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the party in question provides the requested confirmation, forms, documentation or other information.
- e) Each party may make a FATCA Deduction from a payment under this Agreement that it is required to be made by FATCA, and any payment required in connection with that FATCA Deduction, and no party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

SECTION 4.14. Resignation of the Facility Agent. The Facility Agent shall resign (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Facility Agent) if, either:

- a) the Facility Agent fails to respond to a request under Section 4.13 and a Lender reasonably believes that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party;
- b) the information supplied by the Facility Agent pursuant to Section 4.13 indicates that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party; or

- c) the Facility Agent notifies the Lenders that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party;

and (in each case) a Lender reasonably believes that a party to this Agreement will be required to make a FATCA Deduction that would not be required if the Facility Agent were a FATCA Exempt Party, and that Lender, by notice to the Facility Agent, requires it to resign.

ARTICLE V

CONDITIONS TO BORROWING

SECTION 5.1. Advance of the Loan. The obligation of the Lenders to fund the relevant portion of the Loan to be made available on the Actual Delivery Date shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 5.1. The Facility Agent shall advise the Lenders of the satisfaction of the conditions precedent set forth in this Section 5.1 prior to funding on the Actual Delivery Date.

SECTION 5.1.1. Resolutions, etc. The Facility Agent shall have received from the Borrower:

- a) a certificate of its Secretary or Assistant Secretary as to the incumbency and signatures of those of its officers authorized to act with respect to this Agreement and each other Loan Document and as to the truth and completeness of the attached:

(x) resolutions of its Board of Directors then in full force and effect authorizing the execution, delivery and performance of this Agreement and each other Loan Document, and

(y) Organic Documents of the Borrower,

and upon which certificate the Lenders may conclusively rely until the Facility Agent shall have received a further certificate of the Secretary or Assistant Secretary of the Borrower canceling or amending such prior certificate; and

- b) a Certificate of Good Standing issued by the relevant Liberian authorities in respect of the Borrower.

SECTION 5.1.2. Opinions of Counsel. The Facility Agent shall have received opinions, addressed to the Facility Agent and each Lender from:

- a) Watson Farley & Williams LLP, counsel to the Borrower, as to Liberian Law, covering the matters set forth in Exhibit B-1 hereto (and which shall be updated to include reference to the Escrow Account Security);
- b) Norton Rose Fulbright LLP, counsel to the Facility Agent and the Lenders, covering the matters set forth in Exhibit B-2 hereto (and which shall be updated to include reference to the Escrow Account Security) and, if the BpiFAE Insurance Policy is

to be re-issued or replaced on or about the Actual Delivery Date, Exhibit B-3 hereto; and

c) Clifford Chance US LLP, United States tax counsel to the Facility Agent for the benefit of the Lenders, covering the matters set forth in Exhibit B-4 hereto,

each such opinion to be updated to take into account all relevant and applicable Loan Documents at the time of issue thereof.

SECTION 5.1.3. BpiFAE Insurance Policy. The Facility Agent or the ECA Agent shall have received the BpiFAE Insurance Policy duly issued and BpiFAE shall not have, prior to the advance of the Loan, delivered to the Facility Agent or the ECA Agent any notice seeking the cancellation, suspension or termination of the BpiFAE Insurance Policy or the suspension of the drawing of the Additional Advances under this Agreement.

SECTION 5.1.4. Closing Fees, Expenses, etc. The Facility Agent shall have received for its own account, or for the account of each Lender or BpiFAE, as the case may be, all fees that the Borrower shall have agreed in writing to pay to the Facility Agent (whether for its own account or for the account of any of the Lenders) that are due and owing as of the date of such funding and all invoiced expenses of the Facility Agent (including the agreed fees and expenses of counsel to the Facility Agent and the BpiFAE Premium) required to be paid by the Borrower pursuant to Section 11.3 or that the Borrower has otherwise agreed in writing to pay to the Facility Agent, in each case on or prior to the date of such funding.

SECTION 5.1.5. Compliance with Warranties, No Default, etc. Both before and after giving effect to the funding of the Loan the following statements shall be true and correct:

- a) the representations and warranties set forth in Article VI (excluding, however, those set forth in Section 6.10) shall be true and correct in all material respects except for those representations and warranties that are qualified by materiality or Material Adverse Effect, which shall be true and correct, with the same effect as if then made; and
- b) no Default and no Prepayment Event and no event which (with notice or lapse of time or both) would become a Prepayment Event shall have then occurred and be continuing.

SECTION 5.1.6. Loan Request. The Facility Agent shall have received a Loan Request duly executed by the Borrower together with:

- a) where an Additional Advance is requested in respect of the Non-Yard Costs, the Delivery Non-Yard Costs Certificate;
- b) certified as true (by the Builder) copies of the invoice and supporting documents received by the Builder from the Borrower pursuant to Appendix C of the Construction Contract in relation to the Paid Non-Yard Costs to be financed as at the time of issue and a declaration from the Borrower and the Builder in substantially

the form set forth in Exhibit D hereto that the requirement for a minimum 30% French content in respect of Non-Yard Costs and change orders in aggregate has been fulfilled;

- c) a copy of the final commercial invoice from the Builder showing the amount of the Contract Price (including the Non-Yard Costs and the Other Basic Contract Price Increases) and the portion thereof payable to the Builder on the Actual Delivery Date under the Construction Contract; and
- d) copies of the wire transfers for all payments by the Borrower to the Builder under the Construction Contract in respect of the Basic Contract Price to the extent not already provided as part of the drawdown conditions for drawdowns made by the Original Borrower.

SECTION 5.1.7. Foreign Exchange Counterparty Confirmations. The Facility Agent shall have received the documentation and other information referred to in clause 5.6 of the Novation Agreement.

SECTION 5.1.8. Protocol of delivery. The Facility Agent shall have received a copy of the protocol of delivery and acceptance under the Construction Contract duly signed by the Builder and the Borrower or Celebrity Edge Inc.

SECTION 5.1.9. Title to Purchased Vessel. The Facility Agent shall have received evidence that the Purchased Vessel is legally and beneficially owned by the Borrower or Celebrity Edge Inc., free of all recorded Liens, other than Liens permitted by Section 7.2.3 and, to the extent not yet discharged, the Mortgage (as defined in the Novation Agreement).

SECTION 5.1.10. Interest Stabilisation. The ECA Agent shall have received a duly executed fixed rate approval from Natixis DAI issued to the Lenders in respect of the CIRR applicable to the Loan and shall have been informed by the French Authorities of the conditions of the interest make-up mechanisms (*stabilisation du taux d'intérêt*) applicable to the Loan under the applicable Interest Stabilisation Agreement in respect of the Lenders, such conditions to specify, among other things, that the CIRR has been retained under the interest make-up mechanisms applicable to the Loan.

In relation to Section 5.1.10, if a Lender (an “Ineligible Lender”) becomes ineligible or otherwise ceases to be a party to an Interest Stabilisation Agreement, it shall promptly upon becoming aware thereof (and by no later than 15 Business Days before the anticipated Actual Delivery Date) notify the Borrower, the ECA Agent and the Facility Agent.

Following receipt of such a notice, the ECA Agent (through the Facility Agent) shall give to the Borrower at least 10 Business Days’ prior notice stating if the condition precedent in Section 5.1.10 will not be satisfied due to the Ineligible Lender but would be satisfied by the replacement of the Ineligible Lender as set out below, with such replacement to take effect for the purpose of this Section on the Actual Delivery Date.

On its receipt of such notice from the ECA Agent, the Borrower shall be entitled, at any time thereafter and without prejudice to any rights and remedies it may have against such

Ineligible Lender pursuant to Section 3.3.3, to replace such Ineligible Lender with another bank or financial institution reasonably acceptable to the Facility Agent, BpiFAE and Natixis DAI with effect from the Actual Delivery Date, provided that (i) each such assignment shall be either an assignment of all of the rights and obligations of the Ineligible Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the Ineligible Lender under this Agreement and (ii) no Lender shall be obligated to make effective any such assignment as a result of a demand by the Borrower pursuant to this Section unless and until such Lender shall have received one or more payments from one or more Assignee Lenders in an aggregate amount equal to the aggregate outstanding principal amount of the portion of the Novated Loan Balance which, immediately following the Novation Effective Time, would have been owing to such Lender pursuant to Section 2.3(a) had that Lender not been replaced prior to the Novation Effective Time. The ECA Agent and the Facility Agent shall, at the request of the Borrower, use reasonable efforts to assist the Borrower in finding a bank or financial institution acceptable to the Borrower to replace such Ineligible Lender, and taking such other steps that may be reasonably required and which are within the control of the ECA Agent and the Facility Agent to assist with the satisfaction of the condition precedent in Section 5.1.10 prior to funding on the Actual Delivery Date.

Provided however the Borrower shall be entitled, without prejudice to its rights and remedies pursuant to Section 3.3.3, to elect that if at the Actual Delivery Date the condition precedent in Section 5.1.10 is not satisfied the Floating Rate should apply to the Loan, such election to be made by notice in writing to the Facility Agent not less than five (5) Business Days prior to the anticipated Actual Delivery Date in which event, subject to the approval of BpiFAE, the Loan shall bear interest at the Floating Rate and the condition set out in Section 5.1.10 shall be deemed waived by the Lenders.

The ECA Agent (through the Facility Agent) shall, promptly after the Borrower's request, advise the Borrower whether it is aware (based solely on information obtained from Natixis DAI and other French Authorities and/or received from the Lenders at the time of any such request and without any liability on the ECA Agent for the accuracy of that information) that the condition precedent in Section 5.1.10 will not or may not be satisfied as required by Section 5.1.10.

SECTION 5.1.11. Escrow Account Security. The Facility Agent shall have received the Escrow Account Security duly executed by the Borrower together with a duly executed notice of charge and acknowledgement thereto executed by the Borrower and the Escrow Account Bank respectively.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

To induce the Lenders and the Facility Agent to enter into this Agreement and to make the Loan hereunder, the Borrower represents and warrants to the Facility Agent and each Lender as set forth in this Article VI as of the Actual Delivery Date (except as otherwise stated).

SECTION 6.1. Organization, etc. The Borrower is a corporation validly organized and existing and in good standing under the laws of its

jurisdiction of incorporation; the Borrower is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the nature of its business requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect; and the Borrower has full power and authority, has taken all corporate action and holds all governmental and creditors' licenses, permits, consents and other approvals necessary to enter into each Loan Document and to perform the Obligations.

SECTION 6.2. Due Authorization, Non-Contravention, etc. The execution, delivery and performance by the Borrower of this Agreement and each other Loan Document, are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not:

- a) contravene the Borrower's Organic Documents;
- b) contravene any law or governmental regulation of any Applicable Jurisdiction except as would not reasonably be expected to result in a Material Adverse Effect;
- c) contravene any court decree or order binding on the Borrower or any of its property except as would not reasonably be expected to result in a Material Adverse Effect;
- d) contravene any contractual restriction binding on the Borrower or any of its property except as would not reasonably be expected to result in a Material Adverse Effect; or
- e) result in, or require the creation or imposition of, any Lien on any of the Borrower's properties except as would not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.3. Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by the Borrower of this Agreement or any other Loan Document (except for authorizations or approvals not required to be obtained on or prior to the Actual Delivery Date or that have been obtained or actions not required to be taken on or prior to the Actual Delivery Date or that have been taken). The Borrower holds all governmental licenses, permits and other approvals required to conduct its business as conducted by it on the Actual Delivery Date, except to the extent the failure to hold any such licenses, permits or other approvals would not have a Material Adverse Effect.

SECTION 6.4. Compliance with Environmental Laws. The Borrower is in compliance with all applicable Environmental Laws, except to the extent that the failure to so comply would not have a Material Adverse Effect.

SECTION 6.5. Validity, etc. This Agreement constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, except as the enforceability hereof may be limited by bankruptcy,

insolvency or similar laws affecting the enforcement of creditors' rights generally or by general equitable principles.

SECTION 6.6. No Default, Event of Default or Prepayment Event. No Default, Event of Default or Prepayment Event has occurred and is continuing.

SECTION 6.7. Litigation. There is no action, suit, litigation, investigation or proceeding pending or, to the knowledge of the Borrower, threatened against the Borrower, that (i) except as set forth in filings made by the Borrower with the SEC in the Borrower's reasonable opinion might reasonably be expected to materially adversely affect the business, operations or financial condition of the Borrower and its Subsidiaries (taken as a whole) (collectively, "Material Litigation") or (ii) purports to affect the legality, validity or enforceability of the Loan Documents or the consummation of the transactions contemplated hereby.

SECTION 6.8. The Purchased Vessel. Immediately following the delivery of the Purchased Vessel to the Borrower under the Construction Contract, the Purchased Vessel will be:

- a)legally and beneficially owned by the Borrower or one of the Borrower's wholly owned Subsidiaries,
- b)registered in the name of the Borrower or one of the Borrower's wholly owned Subsidiaries under the Bahamian or Maltese flag or such other flag as the parties may mutually agree,
- c)classed as required by Section 7.1.4(b),
- d)free of all recorded Liens, other than Liens permitted by Section 7.2.3,
- e)insured against loss or damage in compliance with Section 7.1.5, and
- f)exclusively operated by or chartered to the Borrower or one of the Borrower's wholly owned Subsidiaries.

SECTION 6.9. Obligations rank pari passu; Liens.

- a)The Obligations rank at least pari passu in right of payment and in all other respects with all other unsecured unsubordinated Indebtedness of the Borrower other than Indebtedness preferred as a matter of law.
- b)As at the date of this Agreement, the provisions of this Agreement which permit or restrict the granting of Liens are no less favorable than the provisions permitting or restricting the granting of Liens in any other agreement entered into by the Borrower with any other person providing financing or credit to the Borrower.

SECTION 6.10. Withholding, etc. As of the Signing Date, no payment to be made by the Borrower under any Loan Document is subject to any withholding or like tax imposed by any Applicable Jurisdiction.

SECTION 6.11. No Filing, etc. Required. No filing, recording or registration and no payment of any stamp, registration or similar tax is necessary under the laws of any Applicable Jurisdiction to ensure the legality, validity, enforceability, priority or admissibility in evidence of this Agreement or the other Loan Documents (except for filings, recordings, registrations or payments not required to be made on or prior to the Actual Delivery Date or that have been made).

SECTION 6.12. No Immunity. The Borrower is subject to civil and commercial law with respect to the Obligations. Neither the Borrower nor any of its properties or revenues is entitled to any right of immunity in any Applicable Jurisdiction from suit, court jurisdiction, judgment, attachment (whether before or after judgment), set-off or execution of a judgment or from any other legal process or remedy relating to the Obligations (to the extent such suit, court jurisdiction, judgment, attachment, set-off, execution, legal process or remedy would otherwise be permitted or exist).

SECTION 6.13. Investment Company Act. The Borrower is not required to register as an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

SECTION 6.14. Regulation U. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of the Loan will be used for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation U. Terms for which meanings are provided in F.R.S. Board Regulation U or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.15. Accuracy of Information. The financial and other information (other than financial projections or other forward looking information) furnished to the Facility Agent and the Lenders in writing by or on behalf of the Borrower by its chief financial officer, treasurer or corporate controller in connection with the negotiation of this Agreement is, when taken as a whole, to the best knowledge and belief of the Borrower, true and correct and contains no misstatement of a fact of a material nature. All financial projections, if any, that have been furnished to the Facility Agent and the Lenders in writing by or on behalf of the Borrower by its chief financial officer, treasurer or corporate controller in connection with this Agreement have been or will be prepared in good faith based upon assumptions believed by the Borrower to be reasonable at the time made (it being understood that such projections are subject to significant uncertainties and contingencies, many of which are beyond the Borrower’s control, and that no assurance can be given that the projections will be realized). All financial and other information furnished to the Facility Agent and the Lenders in writing by or on behalf of

the Borrower by its chief financial officer, treasurer or corporate controller after the date of this Agreement shall have been prepared by the Borrower in good faith.

SECTION 6.16. Compliance with Laws. The Borrower is in compliance with all applicable laws, rules, regulations and orders, except to the extent that the failure to so comply does not and could not reasonably be expected to have a Material Adverse Effect, and the Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions. The Borrower and its Subsidiaries and, to the knowledge of the Borrower, their respective officers, employees, directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions, in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in Borrower being designated as a Sanctioned Person. None of (a) the Borrower, any Subsidiary or to the knowledge of the Borrower or such Subsidiary any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person.

ARTICLE VII

COVENANTS

SECTION 7.1. Affirmative Covenants. The Borrower agrees with the Facility Agent and each Lender that, from the Effective Date (or, where applicable, from such time as may be stated in any applicable provision below) until all Commitments have terminated and all Obligations have been paid in full, the Borrower will perform the obligations set forth in this Section 7.1.

SECTION 7.1.1. Financial Information, Reports, Notices, etc. The Borrower will furnish, or will cause to be furnished, to the Facility Agent (with sufficient copies for distribution to each Lender) the following financial statements, reports, notices and information:

- a) as soon as available and in any event within 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Borrower, a copy of the Borrower's report on Form 10-Q (or any successor form) as filed by the Borrower with the SEC for such Fiscal Quarter, containing unaudited consolidated financial statements of the Borrower for such Fiscal Quarter (including a balance sheet and profit and loss statement) prepared in accordance with GAAP, subject to normal year-end audit adjustments;
- b) as soon as available and in any event within 120 days after the end of each Fiscal Year of the Borrower, a copy of the Borrower's annual report on Form 10-K (or any successor form) as filed by the Borrower with the SEC for such Fiscal Year, containing

audited consolidated financial statements of the Borrower for such Fiscal Year prepared in accordance with GAAP (including a balance sheet and profit and loss statement) and audited by PricewaterhouseCoopers LLP or another firm of independent public accountants of similar standing;

- c) together with each of the statements delivered pursuant to the foregoing clause (a) or (b), a certificate, executed by the chief financial officer, the treasurer or the corporate controller of the Borrower, showing, as of the last day of the relevant Fiscal Quarter or Fiscal Year compliance with the covenants set forth in Section 7.2.4 (in reasonable detail and with appropriate calculations and computations in all respects reasonably satisfactory to the Facility Agent);
- d) as soon as possible after the occurrence of a Default or Prepayment Event, a statement of the chief financial officer of the Borrower setting forth details of such Default or Prepayment Event (as the case may be) and the action which the Borrower has taken and proposes to take with respect thereto;
- e) as soon as the Borrower becomes aware thereof, notice of any Material Litigation except to the extent that such Material Litigation is disclosed by the Borrower in filings with the SEC;
- f) as soon as the Borrower becomes aware thereof, notice of any event which, in its reasonable opinion, would be expected to materially adversely affect the business, operations or financial condition of the Borrower and its Subsidiaries taken as a whole;
- g) promptly after the sending or filing thereof, copies of all reports which the Borrower sends to all holders of each security issued by the Borrower, and all registration statements which the Borrower or any of its Subsidiaries files with the SEC or any national securities exchange; and
- h) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender through the Facility Agent may from time to time reasonably request (including an update to any information and projections previously provided to the Lenders where these have been prepared and are available);

provided that information required to be furnished to the Facility Agent under subsections (a), (b) and (g) of this Section 7.1.1 shall be deemed furnished to the Facility Agent when available free of charge on the Borrower's website at <http://www.rclinvestor.com> or the SEC's website at <http://www.sec.gov>.

SECTION 7.1.2. Approvals and Other Consents. The Borrower will obtain (or cause to be obtained) all such governmental licenses, authorizations, consents, permits and approvals as may be required for (a) the Borrower to perform its obligations under this Agreement and the other Loan Documents and (b) the operation of the Purchased Vessel in compliance with all applicable laws, except, in each case, to the extent that failure to obtain (or cause to be obtained) such governmental licenses, authorizations, consents, permits and approvals would not be expected to have a Material Adverse Effect.

SECTION 7.1.3. Compliance with Laws, etc. The Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws, rules, regulations and orders, except (other than as described in clauses (a) and (f) below) to the extent that the failure to so comply would not have a Material Adverse Effect, which compliance shall in any case include (but not be limited to):

- a) in the case of the Borrower, the maintenance and preservation of its corporate existence (subject to the provisions of Section 7.2.6);
- b) in the case of the Borrower, maintenance of its qualification as a foreign corporation in the State of Florida;
- c) the payment, before the same become delinquent, of all taxes, assessments and governmental charges imposed upon it or upon its property, except to the extent being diligently contested in good faith by appropriate proceedings;
- d) compliance with all applicable Environmental Laws;
- e) compliance with all anti-money laundering and anti-corrupt practices laws applicable to the Borrower, including by not making or causing to be made any offer, gift or payment, consideration or benefit of any kind to anyone, either directly or indirectly, as an inducement or reward for the performance of any of the transactions contemplated by this agreement to the extent the same would be in contravention of such applicable laws; and
- f) the Borrower will maintain in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers and employees with Anti-Corruption Laws and applicable Sanctions.

SECTION 7.1.4. The Purchased Vessel. The Borrower will:

- a) cause the Purchased Vessel to be exclusively operated by or chartered to the Borrower or one of the Borrower's wholly owned Subsidiaries, provided that the Borrower or such Subsidiary may charter out the Purchased Vessel (i) to entities other than the Borrower and the Borrower's wholly owned Subsidiaries and (ii) on a time charter with a stated duration not in excess of one year;
- b) cause the Purchased Vessel to be kept in such condition as will entitle her to classification by a classification society of recognized standing;
- c) provide the following to the Facility Agent with respect to the Purchased Vessel:
 - (i) evidence as to the ownership of the Purchased Vessel by the Borrower or one of the Borrower's wholly owned Subsidiaries; and
 - (ii) evidence of no recorded Liens on the Purchased Vessel, other than Liens permitted pursuant to Section 7.2.3;

d) within seven days after the Actual Delivery Date, provide the following to the Facility Agent with respect to the Purchased Vessel:

(i) evidence of the class of the Purchased Vessel; and

(ii) evidence as to all required insurance being in effect with respect to the Purchased Vessel.

SECTION 7.1.5. Insurance. The Borrower will maintain or cause to be maintained with responsible insurance companies insurance with respect to the Purchased Vessel against such casualties, third-party liabilities and contingencies and in such amounts, in each case, as is customary for other businesses of similar size in the passenger cruise line industry (provided that in no event will the Borrower or any Subsidiary be required to obtain any business interruption, loss of hire or delay in delivery insurance) and will, upon request of the Facility Agent, furnish to the Facility Agent (with sufficient copies for distribution to each Lender) at reasonable intervals a certificate of a senior officer of the Borrower setting forth the nature and extent of all insurance maintained by the Borrower and certifying as to compliance with this Section.

SECTION 7.1.6. Books and Records. The Borrower will keep books and records that accurately reflect all of its business affairs and transactions and permit the Facility Agent and each Lender or any of their respective representatives, at reasonable times and intervals and upon reasonable prior notice, to visit each of its offices, to discuss its financial matters with its officers and to examine any of its books or other corporate records.

SECTION 7.1.7. BpiFAE Insurance Policy/French Authority Requirements. The Borrower shall, on the reasonable request of the ECA Agent or the Facility Agent, provide such other information as required under the BpiFAE Insurance Policy and/or the Interest Stabilisation Agreement as necessary to enable the ECA Agent or the Facility Agent to obtain the full support of the relevant French Authority pursuant to the BpiFAE Insurance Policy and/or the Interest Stabilisation Agreement (as the case may be). The Borrower must pay to the ECA Agent or the Facility Agent the amount of all reasonable costs and expenses reasonably incurred by the ECA Agent or the Facility Agent in connection with complying with a request by any French Authority for any additional information necessary or desirable in connection with the BpiFAE Insurance Policy or the Interest Stabilisation Agreement (as the case may be); provided that the Borrower is consulted before the ECA Agent or Natixis incurs any such cost or expense.

SECTION 7.2. Negative Covenants. The Borrower agrees with the Facility Agent and each Lender that, from the Effective Date until all Commitments have terminated and all Obligations have been paid and performed in full, the Borrower will perform the obligations set forth in this Section 7.2.

SECTION 7.2.1. Business Activities. The Borrower will not, and will not permit any of its Subsidiaries to, engage in any principal business activity

other than those engaged in by the Borrower and its Subsidiaries on the date hereof and other business activities reasonably related, ancillary or complimentary thereto or that are reasonable extensions thereof.

SECTION 7.2.2. Indebtedness. The Borrower will not permit any of the Existing Principal Subsidiaries to create, incur, assume or suffer to exist or otherwise become or be liable in respect of any Indebtedness, other than, without duplication, the following:

- a) Indebtedness secured by Liens of the type described in Section 7.2.3;
- b) Indebtedness owing to the Borrower or a direct or indirect Subsidiary of the Borrower;
- c) Indebtedness incurred to finance, refinance or refund the cost (including the cost of construction) of assets acquired after the Effective Date;
- d) Indebtedness in an aggregate principal amount, together with (but without duplication of) Indebtedness permitted to be secured under Section 7.2.3(b), at any one time outstanding not exceeding (determined at the time of creation of such Lien or the incurrence by any Existing Principal Subsidiary of such Indebtedness, as applicable) 10.0% of the total assets of the Borrower and its Subsidiaries taken as a whole as determined in accordance with GAAP as at the last day of the most recent ended Fiscal Quarter; and
- e) obligations in respect of Hedging Instruments entered into for the purpose of managing interest rate, foreign currency exchange or commodity exposure risk and not for speculative purposes.

SECTION 7.2.3. Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its property, revenues or assets, whether now owned or hereafter acquired, except:

- a) Liens on assets (including, without limitation, shares of capital stock of corporations and assets owned by any corporation that becomes a Subsidiary of the Borrower after the Effective Date) acquired after the Effective Date (whether by purchase, construction or otherwise) by the Borrower or any of its Subsidiaries (other than (x) an Existing Principal Subsidiary or (y) any other Principal Subsidiary which, at any time, after three months after the acquisition of a Vessel, owns a Vessel free of any mortgage Lien), which Liens were created solely for the purpose of securing Indebtedness representing, or incurred to finance, refinance or refund, the cost (including the cost of construction) of such assets, so long as (i) the acquisition of such assets is not otherwise prohibited by the terms of this Agreement and (ii) each such Lien is created within three months after the acquisition of the relevant assets;
- b) in addition to other Liens permitted under this Section 7.2.3, Liens securing Indebtedness in an aggregate principal amount, together with (but without duplication of) Indebtedness permitted under Section 7.2.2(d), at any one time outstanding not exceeding (determined at the time of creation of such Lien or the incurrence by any Existing Principal Subsidiary of such indebtedness, as applicable) 10.0% of the total assets of the Borrower and its Subsidiaries (the "Lien Basket

Amount”) taken as a whole as determined in accordance with GAAP as at the last day of the most recent ended Fiscal Quarter; provided, however that, if, at any time, the Senior Debt Rating of the Borrower is less than Investment Grade as given by both Moody’s and S&P, the Lien Basket Amount shall be the greater of (x) 5.0% of the total assets of the Borrower and its Subsidiaries taken as a whole as determined in accordance with GAAP as at the last day of the most recent ended Fiscal Quarter and (y) \$735,000,000;

- c)Liens on assets acquired after the Effective Date by the Borrower or any of its Subsidiaries (other than by (x) any Subsidiary that is an Existing Principal Subsidiary or (y) any other Principal Subsidiary which, at any time, owns a Vessel free of any mortgage Lien) so long as (i) the acquisition of such assets is not otherwise prohibited by the terms of this Agreement and (ii) each of such Liens existed on such assets before the time of its acquisition and was not created by the Borrower or any of its Subsidiaries in anticipation thereof;
- d)Liens on any asset of any corporation that becomes a Subsidiary of the Borrower (other than a corporation that also becomes a Subsidiary of an Existing Principal Subsidiary) after the Effective Date so long as (i) the acquisition or creation of such corporation by the Borrower is not otherwise prohibited by the terms of this Agreement and (ii) such Liens are in existence at the time such corporation becomes a Subsidiary of the Borrower and were not created by the Borrower or any of its Subsidiaries in anticipation thereof;
- e)Liens securing Government-related Obligations;
- f)Liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings;
- g)Liens of carriers, warehousemen, mechanics, material-men and landlords incurred in the ordinary course of business for sums not overdue by more than 60 days or being diligently contested in good faith by appropriate proceedings;
- h)Liens incurred in the ordinary course of business in connection with workers’ compensation, unemployment insurance or other forms of governmental insurance or benefits;
- i)Liens for current crew’s wages and salvage;
- j)Liens arising by operation of law as the result of the furnishing of necessities for any Vessel so long as the same are discharged in the ordinary course of business or are being diligently contested in good faith by appropriate proceedings;
- k)Liens on Vessels that:
 - (i) secure obligations covered (or reasonably expected to be covered) by insurance;

(ii) were incurred in the course of or incidental to trading such Vessel in connection with repairs or other work to such Vessel; or

(iii) were incurred in connection with work to such Vessel that is required to be performed pursuant to applicable law, rule, regulation or order;

provided that, in each case described in this clause (k), such Liens are either (x) discharged in the ordinary course of business or (y) being diligently contested in good faith by appropriate proceedings;

l) normal and customary rights of set-off upon deposits of cash or other Liens originating solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights in favor of banks or other depository institutions;

m) Liens in respect of rights of set-off, recoupment and holdback in favor of credit card processors securing obligations in connection with credit card processing services incurred in the ordinary course of business;

n) Liens on cash or Cash Equivalents or marketable securities securing obligations in respect of Hedging Instruments not incurred for speculative purposes or securing letters of credit that support such obligations;

o) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business and deposits securing liabilities to insurance carriers under insurance or self-insurance arrangements;

p) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary; and

q) licenses, sublicenses, leases or subleases granted to other Persons not materially interfering with the conduct of the business of the Borrower or any of its Subsidiaries.

SECTION 7.2.4. Financial Condition. The Borrower will not permit:

a) Net Debt to Capitalization Ratio, as at the end of any Fiscal Quarter, to be greater than 0.625 to 1.

b) Fixed Charge Coverage Ratio to be less than 1.25 to 1 as at the last day of any Fiscal Quarter.

In addition, if, at any time, the Senior Debt Rating of the Borrower is less than Investment Grade as given by both Moody's and S&P, the Borrower will not permit Stockholders' Equity to be less than, as at the last day of any Fiscal Quarter, the sum of (i) \$4,150,000,000 plus (ii) 50% of the consolidated net income of the Borrower and its Subsidiaries for the period commencing

on January 1, 2007 and ending on the last day of the Fiscal Quarter most recently ended (treated for these purposes as a single accounting period, but in any event excluding any Fiscal Quarters for which the Borrower and its Subsidiaries have a consolidated net loss).

SECTION 7.2.5. [Intentionally omitted]

SECTION 7.2.6. Consolidation, Merger, etc. The Borrower will not, and will not permit any of its Subsidiaries to, liquidate or dissolve, consolidate with, or merge into or with, any other corporation except:

a) any such Subsidiary may (i) liquidate or dissolve voluntarily into, and may merge with and into, the Borrower or any other Subsidiary, and the assets or stock of any Subsidiary may be purchased or otherwise acquired by the Borrower or any other Subsidiary or (ii) merge with and into another Person in connection with a sale or other disposition permitted by Section 7.2.7; and

b) so long as no Event of Default has occurred and is continuing or would occur after giving effect thereto, the Borrower or any of its Subsidiaries may merge into any other Person, or any other Person may merge into the Borrower or any such Subsidiary, or the Borrower or any of its Subsidiaries may purchase or otherwise acquire all or substantially all of the assets of any Person, in each case so long as:

(i) after giving effect thereto, the Stockholders' Equity of the Borrower and its Subsidiaries is at least equal to 90% of such Stockholders' Equity immediately prior thereto; and

(ii) in the case of a merger involving the Borrower where the Borrower is not the surviving corporation, (and without prejudice to the provisions of Sections 3.2b) and c) and 9.1.10, which shall not restrict the proposed merger but which can still apply to the extent that the proposed merger would give rise to any of the events or circumstances contemplated by such Sections):

(A) the surviving corporation shall have assumed in a writing, delivered to the Facility Agent, all of the Borrower's obligations hereunder and under the other Loan Documents; and

(B) the surviving corporation shall, promptly upon the request of the Facility Agent or any Lender, supply such documentation and other evidence as is reasonably requested by the Facility Agent or any Lender in order for the Facility Agent or such Lender to carry out and be satisfied it has complied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations.

SECTION 7.2.7. Asset Dispositions, etc. The Borrower will not, and will not permit any of its Subsidiaries to, sell, transfer, contribute or otherwise convey, or grant options, warrants or other rights with respect to, :

all or substantially all of the assets of (a) the Borrower or (b) the Subsidiaries of the Borrower, taken as a whole, except sales of assets between or among the Borrower and Subsidiaries of the Borrower.

SECTION 7.3. Lender incorporated in the Federal Republic of Germany. The representations and warranties and covenants given in Sections 6.16 and 7.1.3(f) respectively shall only be given, and be applicable to, a Lender incorporated in the Federal Republic of Germany insofar as the giving of and compliance with such representations and warranties do not result in a violation of or conflict with section 7 of the German Foreign Trade Regulation (Außenwirtschaftsverordnung) (in conjunction with section 4 paragraph 1 a no.3 foreign trade law (AWG) (Außenwirtschaftsgesetz)), any provision of Council Regulation (EC) 2271/1996 or any similar applicable anti-boycott law or regulation.

ARTICLE VIII

EVENTS OF DEFAULT

SECTION 8.1. Listing of Events of Default. Each of the following events or occurrences described in this Section 8.1 shall constitute an “Event of Default”.

SECTION 8.1.1. Non-Payment of Obligations. The Borrower shall default in the payment when due of any principal of or interest on the Loan or any Commitment Fee, or the Borrower shall default in the payment of any fee due and payable under the Fee Letter, provided that, in the case of any default in the payment of any interest on the Loan or of any Commitment Fee, such default shall continue unremedied for a period of at least five (5) Business Days after notice thereof shall have been given to the Borrower by the Facility Agent; and provided further that, in the case of any default in the payment of any fee due and payable under the Fee Letter, such default shall continue unremedied for a period of at least ten days after notice thereof shall have been given to the Borrower by the Facility Agent.

SECTION 8.1.2. Breach of Warranty. Any representation or warranty of the Borrower made or deemed to be made hereunder (including any certificates delivered pursuant to Article V) is or shall be incorrect in any material respect when made.

SECTION 8.1.3. Non-Performance of Certain Covenants and Obligations. The Borrower shall default in the due performance and observance of any other agreement contained herein or in any other Loan Document (other than the covenants set forth in Section 7.2.4 and the obligations referred to in Section 8.1.1) and such default shall continue unremedied for a period of five days after notice thereof shall have been given to the Borrower by the Facility Agent or any Lender (or, if (a) such default is capable of being remedied within 30 days (commencing on the first day following such five-day period) and (b) the Borrower is actively seeking to remedy the same during such period, such default shall continue unremedied for at least 35 days after such notice to the Borrower).

SECTION 8.1.4. Default on Other Indebtedness. (a) The Borrower or any of its Principal Subsidiaries shall fail to pay any Indebtedness that is outstanding in a principal amount of at least \$100,000,000 (or the equivalent in other currencies) in the aggregate (but excluding Indebtedness hereunder or with respect to Hedging Instruments) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; (b) the occurrence under any Hedging Instrument of an Early Termination Date (as defined in such Hedging Instrument) resulting from (A) any event of default under such Hedging Instrument as to which the Borrower is the Defaulting Party (as defined in such Hedging Instrument) or (B) any Termination Event (as so defined) as to which the Borrower is an Affected Party (as so defined) and, in either event, the termination value with respect to any such Hedging Instrument owed by the Borrower as a result thereof is greater than \$100,000,000 and the Borrower fails to pay such termination value when due after applicable grace periods; or (c) any other event shall occur or condition shall exist under any agreement or instrument evidencing, securing or relating to any such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to cause or permit the holder or holders of such Indebtedness to cause such Indebtedness to become due and payable prior to its scheduled maturity; or (d) any such Indebtedness shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption or by voluntary agreement), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Indebtedness is required to be made, in each case prior to the scheduled maturity thereof (other than as a result of any sale or other disposition of any property or assets under the terms of such Indebtedness); provided that any required prepayment or right to require prepayment triggered by terms that are certified by the Borrower to be unique to, but customary in, ship financings shall not constitute an Event of Default under this Section 8.1.4 so long as any required prepayment is made when due. For purposes of determining Indebtedness for any Hedging Instrument, the principal amount of the obligations under any such instrument at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or any Principal Subsidiary would be required to pay if such instrument were terminated at such time.

SECTION 8.1.5. Bankruptcy, Insolvency, etc. The Borrower or any of the Principal Subsidiaries (or any of its other Subsidiaries to the extent that the relevant event described below would have a Material Adverse Effect) shall:

- a) generally fail to pay, or admit in writing its inability to pay, its debts as they become due;
- b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for it or any of its property, or make a general assignment for the benefit of creditors;
- c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for it or for a

substantial part of its property, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days, provided that in the case of such an event in respect of the Borrower, the Borrower hereby expressly authorizes the Facility Agent and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their respective rights under the Loan Documents;

- d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower or any of such Subsidiaries, and, if any such case or proceeding is not commenced by the Borrower or such Subsidiary, such case or proceeding shall be consented to or acquiesced in by the Borrower or such Subsidiary or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that the Borrower hereby expressly authorizes the Facility Agent and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their respective rights under the Loan Documents; or
- e) take any corporate action authorizing, or in furtherance of, any of the foregoing.

SECTION 8.2. Action if Bankruptcy. If any Event of Default described in clauses (b) through (d) of Section 8.1.5 shall occur with respect to the Borrower, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of the Loan and all other Obligations shall automatically be and become immediately due and payable, without notice or demand.

SECTION 8.3. Action if Other Event of Default. If any Event of Default (other than any Event of Default described in clauses (b) through (d) of Section 8.1.5 with respect to the Borrower) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Facility Agent, upon the direction of the Required Lenders (after consultation with BpiFAE who shall have the right to instruct the Lenders to waive such Event of Default), shall by notice to the Borrower declare all of the outstanding principal amount of the Loan and other Obligations to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of the Loan and other Obligations shall be and become immediately due and payable, without further notice, demand or presentment, and/or, as the case may be, the Commitments shall terminate.

ARTICLE IX

PREPAYMENT EVENTS

SECTION 9.1. Listing of Prepayment Events. Each of the following events or occurrences described in this Section 9.1 shall constitute a "Prepayment Event".

SECTION 9.1.1. Change of Control. There occurs any Change of Control.

SECTION 9.1.2. Unenforceability. Any Loan Document shall cease to be the legally valid, binding and enforceable obligation of the Borrower (in each case, other than with respect to provisions of any Loan Document (i) identified as unenforceable in the form of the opinion of the Borrower's counsel set forth as Exhibit B-1 or (ii) that a court of competent jurisdiction has determined are not material) and such event shall continue unremedied for 15 days after notice thereof has been given to the Borrower by the Facility Agent.

SECTION 9.1.3. Approvals. Any material license, consent, authorization, registration or approval at any time necessary to enable the Borrower or any Principal Subsidiary to conduct its business shall be revoked, withdrawn or otherwise cease to be in full force and effect, unless the same would not have a Material Adverse Effect.

SECTION 9.1.4. Non-Performance of Certain Covenants and Obligations. The Borrower shall default in the due performance and observance of any of the covenants set forth in Sections 4.12 or 7.2.4.

SECTION 9.1.5. Judgments. Any judgment or order for the payment of money in excess of \$100,000,000 shall be rendered against the Borrower or any of the Principal Subsidiaries by a court of competent jurisdiction and the Borrower or such Principal Subsidiary shall have failed to satisfy such judgment and either:

- a) enforcement proceedings in respect of any material assets of the Borrower or such Principal Subsidiary shall have been commenced by any creditor upon such judgment or order and shall not have been stayed or enjoined within five (5) Business Days after the commencement of such enforcement proceedings; or
- b) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

SECTION 9.1.6. Condemnation, etc.. The Purchased Vessel shall be condemned or otherwise taken under color of law or requisitioned and the same shall continue unremedied for at least 20 days, unless such condemnation or other taking would not have a Material Adverse Effect.

SECTION 9.1.7. Arrest. The Purchased Vessel shall be arrested and the same shall continue unremedied for at least 20 days, unless such arrest would not have a Material Adverse Effect.

SECTION 9.1.8. Sale/Disposal of the Purchased Vessel. The Purchased Vessel is sold to a company which is not the Borrower or any other Subsidiary of the Borrower (other than for the purpose of a lease back to the Borrower or any other Subsidiary of the Borrower).

SECTION 9.1.9. BpiFAE Insurance Policy. The BpiFAE Insurance Policy is cancelled for any reason or ceases to be in full force and effect.

SECTION 9.1.10. Illegality. No later than the close of business on the last day of the Option Period related to the giving of any Illegality Notice by an affected Lender pursuant to Section 3.2(b), either: (x) the Borrower has not elected to take an action specified in clause (1) or (2) of Section 3.2(c) or (y) if any such election shall have been made, the Borrower has failed to take the action required in respect of such election. In such circumstances the Facility Agent (at the direction of the affected Lender) shall by notice to the Borrower require the Borrower to prepay in full all principal and interest and all other Obligations owing to such Lender either (i) forthwith or, as the case may be, (ii) on a future specified date not being earlier than the latest date permitted by the relevant law.

SECTION 9.2. Mandatory Prepayment. If any Prepayment Event (other than a Prepayment Event under Section 9.1.10) shall occur and be continuing, the Facility Agent, upon the direction of the Required Lenders, shall by notice to the Borrower require the Borrower to prepay in full on the date of such notice all principal of and interest on the Loan and all other Obligations (and, in such event, the Borrower agrees to so pay the full unpaid amount of the Loan and all accrued and unpaid interest thereon and all other Obligations).

SECTION 9.3. Mitigation. If the ECA Agent, the Facility Agent or any of the Lenders become aware that an event or circumstance has arisen which will cause the BpiFAE Insurance Policy to be cancelled for any reason or no longer remain in full force and effect they shall notify the Borrower and the Lenders, the Borrower, the ECA Agent and the Facility Agent shall negotiate in good faith for a period of up to 30 days or, if less, the date by which the BpiFAE Insurance Policy shall be terminated or cease to be in full force and effect to determine whether the facility can be restructured and/or the Loan refinanced in a manner acceptable to each of the Lenders in their absolute discretion. The Lenders will use reasonable efforts to involve BpiFAE in such negotiations.

ARTICLE X

THE FACILITY AGENT AND THE ECA AGENT

SECTION 10.1. Actions. Each Lender hereby appoints Citibank Europe plc, UK Branch, as Facility Agent and Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch as ECA Agent, as its agent under and for purposes of this Agreement and each other Loan Document (for purposes of this Article X, the Facility Agent and the ECA Agent are referred to collectively as the “Agents”). Each Lender authorizes the Agents to act on behalf of such Lender under this Agreement and each other Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Agents (with respect to which each Agent agrees that it will comply, except as otherwise provided in this Section 10.1 or as otherwise advised by counsel or as otherwise instructed by any French Authority, it being understood and agreed that any instructions provided by a French Authority shall prevail), to exercise such powers hereunder and

thereunder as are specifically delegated to or required of the Agents by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. Neither Agent shall be obliged to act on the instructions of any Lender or the Required Lenders if to do so would, in the opinion of such Agent, be contrary to any provision of this Agreement or any other Loan Document or the BpiFAE Insurance Policy or to any law or the conflicting instructions of any French Authority, or would expose such Agent to any actual or potential liability to any third party. As between the Lenders and the Agents, it is acknowledged that each Agent's duties under this Agreement and the other Loan Documents are solely mechanical and administrative in nature.

SECTION 10.2. Indemnity. Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) each Agent, pro rata according to such Lender's Percentage, from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel) that be incurred by or asserted or awarded against, such Agent in any way relating to or arising out of this Agreement and any other Loan Document or any action taken or omitted by such Agent under this Agreement or any other Loan Document; provided that no Lender shall be liable for the payment of any portion of such claims, damages, losses, liabilities and expenses which have resulted from such Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse each Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable counsel fees) incurred by such Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that such Agent is not reimbursed for such expenses by the Borrower. In the case of any investigation, litigation or proceeding giving rise to any such indemnified costs, this Section applies whether any such investigation, litigation or proceeding is brought by any Agent, any Lender or a third party. Neither Agent shall be required to take any action hereunder or under any other Loan Document, or to prosecute or defend any suit in respect of this Agreement or any other Loan Document, unless it is expressly required to do so under this Agreement or is indemnified hereunder to its satisfaction. If any indemnity in favor of an Agent shall be or become, in such Agent's determination, inadequate, such Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given.

SECTION 10.3. Funding Reliance, etc. Each Lender shall notify the Facility Agent by 4:00 p.m., London time, one day prior to the advance of the Loan if it is not able to fund the following day. Unless the Facility Agent shall have been notified by telephone, confirmed in writing, by any Lender by 4:00 p.m., London time, on the day prior to the advance of the Loan that such Lender will not make available the amount which would constitute its Percentage of the Loan on the date specified therefor, the Facility Agent may assume that such Lender has made such amount available to the Facility Agent

and, in reliance upon such assumption, may, but shall not be obliged to, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Facility Agent, such Lender and the Borrower severally agree to repay the Facility Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Facility Agent made such amount available to the Borrower to the date such amount is repaid to the Facility Agent, at the interest rate applicable at the time to the Loan without premium or penalty.

SECTION 10.4. Exculpation. Neither of the Agents nor any of their respective directors, officers, employees or agents shall be liable to any Lender for any action taken or omitted to be taken by it under this Agreement or any other Loan Document, or in connection herewith or therewith, except for its own willful misconduct or gross negligence. Without limitation of the generality of the foregoing, each Agent (i) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it and in accordance with the advice of such counsel, accountants or experts, (ii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement, (iii) shall not have any duty to ascertain or to inquire as to the performance, observance or satisfaction of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or the existence at any time of any Default or Prepayment Event or to inspect the property (including the books and records) of the Borrower, (iv) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto, (v) shall incur no liability under or in respect of this Agreement by action upon any notice, consent, certificate or other instrument or writing (which may be by telecopier) believed by it to be genuine and signed or sent by the proper party or parties, and (vi) shall have no responsibility to the Borrower or any Lender on account of (A) the failure of a Lender or the Borrower to perform any of its obligations under this Agreement or any Loan Document; (B) the financial condition of the Borrower; (C) the completeness or accuracy of any statements, representations or warranties made in or pursuant to this Agreement or any Loan Document, or in or pursuant to any document delivered pursuant to or in connection with this Agreement or any Loan Document; or (D) the negotiation, execution, effectiveness, genuineness, validity, enforceability, admissibility in evidence or sufficiency of this Agreement or any Loan Document or of any document executed or delivered pursuant to or in connection with any Loan Document.

SECTION 10.5. Successor. The Facility Agent may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders and shall resign where required to do in accordance with Section 4.14, provided that any such resignation shall not become effective until a successor Facility Agent has been appointed as provided in this Section 10.5 and such successor

Facility Agent has accepted such appointment. If the Facility Agent at any time shall resign, the Required Lenders shall, subject to the immediately preceding proviso and subject to the consent of the Borrower (such consent not to be unreasonably withheld), appoint another Lender as a successor to the Facility Agent which shall thereupon become such Facility Agent's successor hereunder (provided that the Required Lenders shall, subject to the consent of the Borrower unless an Event or Default or a Prepayment Event shall have occurred and be continuing (such consent not to be unreasonably withheld or delayed) offer to each of the other Lenders in turn, in the order of their respective Percentages of the Loan, the right to become successor Facility Agent). If no successor Facility Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the Facility Agent's giving notice of resignation, then the Facility Agent may, on behalf of the Lenders, appoint a successor Facility Agent, which shall be one of the Lenders or a commercial banking institution having a combined capital and surplus of at least \$1,000,000,000 (or the equivalent in other currencies), subject, in each case, to the consent of the Borrower (such consent not to be unreasonably withheld). Upon the acceptance of any appointment as Facility Agent hereunder by a successor Facility Agent, such successor Facility Agent shall be entitled to receive from the resigning Facility Agent such documents of transfer and assignment as such successor Facility Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the resigning Facility Agent, and the resigning Facility Agent shall be discharged from its duties and obligations under this Agreement. After any resigning Facility Agent's resignation hereunder as the Facility Agent, the provisions of:

- a) this Article X shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Facility Agent under this Agreement; and
- b) Section 11.3 and Section 11.4 shall continue to inure to its benefit.

If a Lender acting as the Facility Agent assigns its Loan to one of its Affiliates, such Facility Agent may, subject to the consent of the Borrower (such consent not to be unreasonably withheld or delayed) assign its rights and obligations as Facility Agent to such Affiliate.

SECTION 10.6. Loans by the Facility Agent. The Facility Agent shall have the same rights and powers with respect to the Loan made by it or any of its Affiliates. The Facility Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Affiliate of the Borrower as if the Facility Agent were not the Facility Agent hereunder and without any duty to account therefor to the Lenders. The Facility Agent shall have no duty to disclose information obtained or received by it or any of its Affiliates relating to the Borrower or its Subsidiaries to the extent such information was obtained or received in any capacity other than as the Facility Agent.

SECTION 10.7. Credit Decisions. Each Lender acknowledges that it has, independently of each Agent and each other Lender, and based on such

Lender's review of the financial information of the Borrower, this Agreement, the other Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitment. Each Lender also acknowledges that it will, independently of each Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document.

SECTION 10.8. Copies, etc. Each Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to such Agent by the Borrower pursuant to the terms of this Agreement (unless concurrently delivered to the Lenders by the Borrower). Each Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by such Agent from the Borrower for distribution to the Lenders by such Agent in accordance with the terms of this Agreement.

SECTION 10.9. The Agents' Rights. Each Agent may (i) assume that all representations or warranties made or deemed repeated by the Borrower in or pursuant to this Agreement or any Loan Document are true and complete, unless, in its capacity as the Facility Agent, it has acquired actual knowledge to the contrary, (ii) assume that no Default has occurred unless, in its capacity as an Agent, it has acquired actual knowledge to the contrary, (iii) rely on any document or notice believed by it to be genuine, (iv) rely as to legal or other professional matters on opinions and statements of any legal or other professional advisers selected or approved by it, (v) rely as to any factual matters which might reasonably be expected to be within the knowledge of the Borrower on a certificate signed by or on behalf of the Borrower and (vi) refrain from exercising any right, power, discretion or remedy unless and until instructed to exercise that right, power, discretion or remedy and as to the manner of its exercise by the Lenders (or, where applicable, by the Required Lenders) and unless and until such Agent has received from the Lenders any payment which such Agent may require on account of, or any security which such Agent may require for, any costs, claims, expenses (including legal and other professional fees) and liabilities which it considers it may incur or sustain in complying with those instructions.

SECTION 10.10. The Facility Agent's Duties. The Facility Agent shall (i) if requested in writing to do so by a Lender, make enquiry and advise the Lenders as to the performance or observance of any of the provisions of this Agreement or any Loan Document by the Borrower or as to the existence of an Event of Default and (ii) inform the Lenders promptly of any Event of Default of which the Facility Agent has actual knowledge.

The Facility Agent shall not be deemed to have actual knowledge of the falsehood or incompleteness of any representation or warranty made or deemed repeated by the Borrower or

actual knowledge of the occurrence of any Default unless a Lender or the Borrower shall have given written notice thereof to the Facility Agent in its capacity as the Facility Agent. Any information acquired by the Facility Agent other than specifically in its capacity as the Facility Agent shall not be deemed to be information acquired by the Facility Agent in its capacity as the Facility Agent.

The Facility Agent may, without any liability to account to the Lenders, generally engage in any kind of banking or trust business with the Borrower or with the Borrower's subsidiaries or associated companies or with a Lender as if it were not the Facility Agent.

SECTION 10.11. Employment of Agents. In performing its duties and exercising its rights, powers, discretions and remedies under or pursuant to this Agreement or the Loan Documents, each Agent shall be entitled to employ and pay agents to do anything which such Agent is empowered to do under or pursuant to this Agreement or the Loan Documents (including the receipt of money and documents and the payment of money); provided that, unless otherwise provided herein, including without limitation Section 11.3, the employment of such agents shall be for such Agent's account, and to act or refrain from taking action in reliance on the opinion of, or advice or information obtained from, any lawyer, banker, broker, accountant, valuer or any other person believed by such Agent in good faith to be competent to give such opinion, advice or information.

SECTION 10.12. Distribution of Payments. The Facility Agent shall pay promptly to the order of each Lender that Lender's Percentage Share of every sum of money received by the Facility Agent pursuant to this Agreement or the Loan Documents (with the exception of any amounts payable pursuant to the Fee Letter and any amounts which, by the terms of this Agreement or the Loan Documents, are paid to the Facility Agent for the account of the Facility Agent alone or specifically for the account of one or more Lenders) and until so paid such amount shall be held by the Facility Agent on trust absolutely for that Lender.

SECTION 10.13. Reimbursement. The Facility Agent shall have no liability to pay any sum to a Lender until it has itself received payment of that sum. If, however, the Facility Agent does pay any sum to a Lender on account of any amount prospectively due to that Lender pursuant to Section 10.12 before it has itself received payment of that amount, and the Facility Agent does not in fact receive payment within two (2) Business Days after the date on which that payment was required to be made by the terms of this Agreement or the Loan Documents, that Lender will, on demand by the Facility Agent, refund to the Facility Agent an amount equal to the amount received by it, together with an amount sufficient to reimburse the Facility Agent for any amount which the Facility Agent may certify that it has been required to pay by way of interest on money borrowed to fund the amount in question during the period beginning on the date on which that amount was required to be paid by the terms of this Agreement or the Loan Documents and ending on the date on which the Facility Agent receives reimbursement.

SECTION 10.14. Instructions. Where an Agent is authorized or directed to act or refrain from acting in accordance with the instructions of the Lenders or of the Required Lenders each of the Lenders shall provide such Agent with instructions within three (3) Business Days of such Agent's request (which request may be made orally or in writing). If a Lender does not provide such Agent with instructions within that period, that Lender shall be bound by the decision of such Agent. Nothing in this Section 10.14 shall limit the right of such Agent to take, or refrain from taking, any action without obtaining the instructions of the Lenders or the Required Lenders if such Agent in its discretion considers it necessary or appropriate to take, or refrain from taking, such action in order to preserve the rights of the Lenders under or in connection with this Agreement or the Loan Documents. In that event, such Agent will notify the Lenders of the action taken by it as soon as reasonably practicable, and the Lenders agree to ratify any action taken by the Facility Agent pursuant to this Section 10.14.

SECTION 10.15. Payments. All amounts payable to a Lender under this Section 10 shall be paid to such account at such bank as that Lender may from time to time direct in writing to the Facility Agent.

SECTION 10.16. "Know your customer" Checks. Each Lender shall promptly upon the request of the Facility Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself) in order for the Facility Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in this Agreement or the Loan Documents.

SECTION 10.17. No Fiduciary Relationship. Except as provided in Section 10.12, no Agent shall have any fiduciary relationship with or be deemed to be a trustee of or for any other person and nothing contained in this Agreement or any Loan Document shall constitute a partnership between any two or more Lenders or between either Agent and any other person.

SECTION 10.18. Illegality. The Agent shall refrain from doing anything which it reasonably believes would be contrary to any law of any jurisdiction (including but not limited to England and Wales, the United States of America or any jurisdiction forming part of it) or any regulation or directive of any agency of such state or jurisdiction or which would or might render it liable to any person and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.1. Waivers, Amendments, etc. The provisions of this Agreement and of each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is

in writing and consented to by the Borrower and the Required Lenders; provided that no such amendment, modification or waiver which would:

- a) contravene or be in breach of the terms of the BpiFAE Insurance Policy or the arrangements with Natixis DAI relating to the CIRR (if the Fixed Rate applies) shall be effective unless consented to by, as applicable, BpiFAE and/or Natixis DAI;
- b) modify any requirement hereunder that any particular action be taken by all the Lenders or by the Required Lenders shall be effective unless consented to by each Lender;
- c) modify this Section 11.1 or change the definition of “Required Lenders” shall be made without the consent of each Lender;
- d) increase the Commitment of any Lender shall be made without the consent of such Lender;
- e) reduce any fees described in Article III payable to any Lender shall be made without the consent of such Lender;
- f) extend the Commitment Termination Date of any Lender shall be made without the consent of such Lender;
- g) extend the due date for, or reduce the amount of, any scheduled repayment or prepayment of principal or interest on the Loan (or reduce the principal amount of or rate of interest on the Loan) owed to any Lender shall be made without the consent of such Lender; or
- h) affect adversely the interests, rights or obligations of the Facility Agent in its capacity as such shall be made without consent of the Facility Agent.

No failure or delay on the part of the Facility Agent or any Lender in exercising any power or right under this Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Borrower in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by any the Facility Agent or any Lender under this Agreement or any other Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder. The Lenders hereby agree, at any time and from time to time that the Nordea Agreement or the Bank of Nova Scotia Agreement is amended or refinanced, to negotiate in good faith to amend this Agreement to conform any representations, warranties, covenants or events of default in this Agreement to the amendments made to any substantively comparable provisions in the Nordea Agreement or the Bank of Nova Scotia Agreement or any refinancing thereof.

Neither the Borrower’s rights nor its obligations under the Loan Documents shall be changed, directly or indirectly, as a result of any amendment, supplement, modification, variance or novation of the BpiFAE Insurance Policy, except any amendments, supplements, modifications, variances or novations, as the case may be, which occur (i) with the Borrower’s consent, (ii) at

the Borrower's request or (iii) in order to conform to amendments, supplements, modifications, variances or novations effected in respect of the Loan Documents in accordance with their terms.

SECTION 11.2. Notices.

- a) All notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing, by facsimile or by electronic mail and addressed, delivered or transmitted to such party at its address, facsimile number or electronic mail address set forth below its signature hereto or set forth in the Lender Assignment Agreement or at such other address, or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted provided it is received in legible form; any notice, if transmitted by electronic mail, shall be deemed given upon acknowledgment of receipt by the recipient.
- b) So long as Citibank Europe plc, UK Branch is the Facility Agent, the Borrower may provide to the Facility Agent all information, documents and other materials that it furnishes to the Facility Agent hereunder or any other Loan Document (and any guaranties, security agreements and other agreements relating thereto), including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other materials, but excluding any such communication that (i) relates to a request for a new, or a conversion of an existing advance or other extension of credit (including any election of an interest rate or interest period relating thereto), (ii) relates to the payment of any principal or other amount due hereunder or any other Loan Document prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of the Agreement and/or any advance or other extension of credit hereunder (all such non-excluded communications being referred to herein collectively as "Communications"), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Facility Agent to such email address notified by the Facility Agent to the Borrower; provided that any Communication requested pursuant to Section 7.1.1(h) shall be in a format acceptable to the Borrower and the Facility Agent.
- c) The Borrower agrees that the Facility Agent may make such items included in the Communications as the Borrower may specifically agree available to the Lenders by posting such notices, at the option of the Borrower, on Intralinks or any similar such platform (the "Platform") acceptable to the Borrower. Although the primary web portal is secured with a dual firewall and a User ID/Password Authorization System and the Platform is secured through a single user per deal authorization method whereby each user may access the Platform only on a deal-by-deal basis, the Borrower acknowledges that (i) the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution, (ii) the Platform is provided "as is" and "as available" and (iii) neither the Facility Agent nor any of its Affiliates warrants the accuracy, adequacy or completeness of the Communications or the Platform and each expressly disclaims liability for errors or omissions in the Communications or

the Platform. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by the Facility Agent or any of its Affiliates in connection with the Platform.

- d) The Facility Agent agrees that the receipt of Communications by the Facility Agent at its e-mail address set forth above shall constitute effective delivery of such Communications to the Facility Agent for purposes hereunder and any other Loan Document (and any guaranties, security agreements and other agreements relating thereto).

SECTION 11.3. Payment of Costs and Expenses. The Borrower agrees to pay on demand all reasonable expenses of the Facility Agent (including the reasonable fees and out-of-pocket expenses of counsel to the Facility Agent and of local counsel, if any, who may be retained by counsel to the Facility Agent) in connection with any amendments, waivers, consents, supplements or other modifications to, this Agreement or any other Loan Document as may from time to time hereafter be required, whether or not the transactions contemplated hereby are consummated. The Borrower further agrees to pay, and to save the Facility Agent and the Lenders harmless from all liability for, any stamp, recording, documentary or other similar taxes arising from the execution, delivery or enforcement of this Agreement or the borrowing hereunder or any other Loan Documents. The Borrower also agrees to reimburse the Facility Agent and each Lender upon demand for all reasonable out-of-pocket expenses (including reasonable attorneys' fees and legal expenses) incurred by the Facility Agent or such Lender in connection with (x) the negotiation of any restructuring or "work-out", whether or not consummated, of any Obligations and (y) the enforcement of any Obligations.

SECTION 11.4. Indemnification. In consideration of the execution and delivery of this Agreement by each Lender and the extension of the Commitments, the Borrower hereby indemnifies and holds harmless the Facility Agent, each Lender and each of their respective Affiliates and their respective officers, advisors, directors and employees (collectively, the "Indemnified Parties") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party (including, without limitation, in connection with any investigation, litigation or proceeding or the preparation of a defense in connection therewith), in each case arising out of or in connection with or by reason of this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby or any actual or proposed use of the proceeds of the Loans (collectively, the "Indemnified Liabilities"), except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Indemnified Party's gross negligence or willful misconduct or the material breach by such Indemnified Party of its obligations under this Agreement, any other Loan Document, the BpiFAE Insurance Policy or Interest Stabilisation Agreement and which breach is not attributable

to the Borrower's own breach of the terms of this Agreement or any other Loan Document or is a claim, damage, loss, liability or expense which would have been compensated under other provisions of the Loan Documents but for any exclusions applicable thereunder.

In the case of an investigation, litigation or other proceeding to which the indemnity in this paragraph applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, any of its directors, security holders or creditors, an Indemnified Party or any other person or an Indemnified Party is otherwise a party thereto. Each Indemnified Party shall (a) furnish the Borrower with prompt notice of any action, suit or other claim covered by this Section 11.4, (b) not agree to any settlement or compromise of any such action, suit or claim without the Borrower's prior consent, (c) shall cooperate fully in the Borrower's defense of any such action, suit or other claim (provided that the Borrower shall reimburse such indemnified party for its reasonable out-of-pocket expenses incurred pursuant hereto) and (d) at the Borrower's request, permit the Borrower to assume control of the defense of any such claim, other than regulatory, supervisory or similar investigations, provided that (i) the Borrower acknowledges in writing its obligations to indemnify the Indemnified Party in accordance with the terms herein in connection with such claims, (ii) the Borrower shall keep the Indemnified Party fully informed with respect to the conduct of the defense of such claim, (iii) the Borrower shall consult in good faith with the Indemnified Party (from time to time and before taking any material decision) about the conduct of the defense of such claim, (iv) the Borrower shall conduct the defense of such claim properly and diligently taking into account its own interests and those of the Indemnified Party, (v) the Borrower shall employ counsel reasonably acceptable to the Indemnified Party and at the Borrower's expense, and (vi) the Borrower shall not enter into a settlement with respect to such claim unless either (A) such settlement involves only the payment of a monetary sum, does not include any performance by or an admission of liability or responsibility on the part of the Indemnified Party, and contains a provision unconditionally releasing the Indemnified Party and each other indemnified party from, and holding all such persons harmless, against, all liability in respect of claims by any releasing party or (B) the Indemnified Party provides written consent to such settlement (such consent not to be unreasonably withheld or delayed). Notwithstanding the Borrower's election to assume the defense of such action, the Indemnified Party shall have the right to employ separate counsel and to participate in the defense of such action and the Borrower shall bear the fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the Borrower to represent the Indemnified Party would present such counsel with an actual or potential conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the Borrower and the Indemnified Party and the Indemnified Party shall have concluded that there may be legal defenses available to it which are different from or additional to those available to the Borrower and determined that it is necessary to employ separate counsel in order to pursue such defenses (in which case the Borrower shall not have the right to assume the defense of such action on the Indemnified Party's behalf), (iii) the Borrower shall not have employed counsel reasonably acceptable to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iv) the Borrower authorizes the Indemnified Party to employ separate counsel at the Borrower's expense. The Borrower acknowledges that none of the Indemnified Parties shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the Borrower or any of its security holders or creditors for or in connection with the transactions contemplated hereby, except to the extent such liability is determined in a final non-appealable judgment by

a court of competent jurisdiction to have resulted primarily from such Indemnified Party's gross negligence or willful misconduct. In no event, however, shall any Indemnified Party be liable on any theory of liability for any special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings). If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 11.5. Survival. The obligations of the Borrower under Sections 4.3, 4.4, 4.5, 4.6, 4.7, 11.3 and 11.4 and the obligations of the Lenders under Section 10.1, shall in each case survive any termination of this Agreement and the payment in full of all Obligations. The representations and warranties made by the Borrower in this Agreement and in each other Loan Document shall survive the execution and delivery of this Agreement and each such other Loan Document.

SECTION 11.6. Severability. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 11.7. Headings. The various headings of this Agreement and of each other Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or such other Loan Document or any provisions hereof or thereof.

SECTION 11.8. Execution in Counterparts, Effectiveness, etc. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. This Agreement, as a novated and amended Agreement, shall become effective upon the occurrence of the Novation Effective Time under, and as defined in, the Novation Agreement.

SECTION 11.9. Third Party Rights. Notwithstanding the provisions of the Contracts (Rights of Third Parties) Act 1999, no term of this Agreement is enforceable by a person who is not a party to it with the exception of BpiFAE and Natixis.

SECTION 11.10. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided that:

- a) except to the extent permitted under Section 7.2.6, the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of the Facility Agent, each Lender and BpiFAE; and
- b) the rights of sale, assignment and transfer of the Lenders are subject to Section 11.11.

SECTION 11.11. Sale and Transfer of the Loan; Participations in the Loan. Each Lender may assign its Percentage or portion of the Loan to one or more other Persons (a “New Lender”), or sell participations in its Percentage or portion of the Loan to one or more other Persons; provided that, in the case of assignments where the Fixed Rate applies, such New Lender (other than BpiFAE or CAFFIL as assignee of all or any of SFIL’s rights as Lender following the enforcement of the security granted pursuant to paragraph (iv) of Section 11.11.1 in connection with the BpiFAE Enhanced Guarantee, and subject as provided in Section 11.11.1(iv)) enters into an Interest Stabilisation Agreement.

SECTION 11.11.1. Assignments (i) Any Lender with the prior written consents of the Borrower and the Facility Agent (which consents shall not be unreasonably delayed or withheld and which consent, in the case of the Borrower, shall be deemed to have been given in the absence of a written notice delivered by the Borrower to the Facility Agent, on or before the fifth Business Day after receipt by the Borrower of such Lender’s request for consent, stating, in reasonable detail, the reasons why the Borrower proposes to withhold such consent) may at any time (and from time to time) assign or transfer to one or more commercial banks or other financial institutions all or any fraction of such Lender’s portion of the Loan.

(ii) Any Lender, with notice to the Borrower and the Facility Agent, and, notwithstanding the foregoing clause (i), without the consent of the Borrower, or the Facility Agent may assign or transfer (A) to any of its Affiliates, (B) to SFIL or (C) following the occurrence and during the continuance of an Event of Default under Sections 8.1.1, 8.1.4(a) or 8.1.5, to any other Person, in each case, all or any fraction of such Lender’s portion of the Loan.

(iii) Any Lender may (notwithstanding the foregoing clauses, and without notice to, or consent from, the Borrower or the Facility Agent) assign or charge all or any fraction of its portion of the Loan to any federal reserve or central bank as collateral security in connection with the extension of credit or support by such federal reserve or central bank to such Lender.

(iv) SFIL may (notwithstanding the foregoing clauses, and without notice to, or consent from, the Borrower or the Facility Agent) assign, charge or otherwise grant security over all or any fraction of its portion of the Loan and of its rights as Lender to CAFFIL as collateral security in connection with the extension of credit or support by CAFFIL to SFIL in respect of this Agreement and the BpiFAE Enhanced Guarantee, provided that at the time of the assignment, charge or grant of security CAFFIL is an Affiliate of SFIL and that such assignment, charge or other security is on terms that (i) CAFFIL shall not have any rights to assign, charge or grant any security over such rights to any other person (other than to BpiFAE pursuant to and in accordance with the BpiFAE Enhanced Guarantee) without the prior written consent of the Borrower, (ii) CAFFIL shall only be entitled to enforce its rights under such assignment, charge or other security without the prior written consent of the Borrower if at that time it remains an Affiliate of SFIL, (iii) prior to any enforcement such assignment, charge or other security, the Borrower and the Facility Agent shall continue to deal solely and directly with SFIL in connection with its rights and obligations as Lender under this Agreement and other Loan Documents (subject to any payment instructions given by SFIL), (iv) for the avoidance of doubt, the Borrower’s rights and obligations under this Agreement shall not be increased or affected (including, without limitation, the right to pay Fixed Rate under Section 3.3.1) as a result of

such assignment, charge or security or any enforcement thereof, (v) the Borrower shall not be liable to pay any amount under Sections 4.2(c), 4.3, 4.4, 4.5, 4.6 and 4.7 that is greater than the amount which it would have been required to pay to SFIL had no such assignment, charge or other security been granted and (vi) without prejudice to SFIL's obligations under that Section, CAFFIL shall be bound by the confidentiality provisions set forth in Section 11.15, in relation to any information to which it applies to the same extent as required of the Lenders. For the avoidance of doubt: (A) if CAFFIL becomes a Lender under this Agreement in respect of any portion of the Loan following enforcement of any assignment, charge or other security granted to it by SFIL pursuant to this Section 11.11.1(iv), it shall have the same rights to assign or transfer all or any fraction of such portion of the Loan on and subject to the same terms and conditions as are set forth in this Agreement for assignments and transfers by other Lenders and (B) CAFFIL may not enforce its rights under any such assignment, charge or other security by assigning or transferring all or any fraction of SFIL's portion of the Loan or any of its rights or obligations under this Agreement or other Loan Documents except pursuant to an assignment or transfer to a commercial bank or other financial institution on and subject to the same terms and conditions as are set forth in this Agreement for assignments and transfers by Lenders.

(v) No Lender may (notwithstanding the foregoing clauses) assign or transfer any of its rights under this Agreement unless it has given prior written notification of the transfer to BpiFAE and (if the Loan is accruing interest at the Fixed Rate) Natixis DAI and has obtained a prior written consent from BpiFAE and Natixis DAI and any Assignee Lender (other than BpiFAE and CAFFIL as assignee of all or any of SFIL's rights as Lender following the enforcement of the security granted pursuant to paragraph (iv) of Section 11.11.1 in connection with the BpiFAE Enhanced Guarantee, subject as provided in Section 11.11.1(iv)) is, if the Fixed Rate applies, eligible to benefit from the CIRR stabilisation. Any assignment or transfer shall comply with the terms of the BpiFAE Insurance Policy.

(vi) Nothing in this Section 11.11.1 shall prejudice the right of the Lender to assign its rights under this Agreement to BpiFAE, if such assignment is required to be made by that Lender to BpiFAE in accordance with the BpiFAE Insurance Policy or the BpiFAE Enhanced Guarantee or, if the Lender is SFIL, to CAFFIL (but only if CAFFIL is, at that time, an Affiliate of SFIL) upon the enforcement of any security granted pursuant, and subject to the provisions of paragraph (iv) of Section 11.11.1, in connection with the BpiFAE Enhanced Guarantee.

Each Person described in the foregoing clauses as being the Person to whom such assignment or transfer is to be made, is hereinafter referred to as an "Assignee Lender". Assignments in a minimum aggregate amount of \$25,000,000 (or, if less, all of such Lender's portion of the Loan and Commitment) (which assignment or transfer shall be of a constant, and not a varying, percentage of such Lender's portion of the Loan) are permitted; provided that the Borrower and the Facility Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned or transferred to an Assignee Lender until:

- a) written notice of such assignment or transfer, together with payment instructions, addresses and related information with respect to such Assignee Lender, shall have been given to the Borrower and the Facility Agent by such Lender and such Assignee Lender;

- b) such Assignee Lender shall have executed and delivered to the Borrower and the Facility Agent a Lender Assignment Agreement, accepted by the Facility Agent and any other agreements required by the Facility Agent or, if the Fixed Rate applies, Natixis in connection therewith; and
- c) the processing fees described below shall have been paid.

From and after the date that the Facility Agent accepts such Lender Assignment Agreement, (x) the Assignee Lender thereunder shall be deemed automatically to have become a party hereto and to the extent that rights and obligations hereunder have been assigned or transferred to such Assignee Lender in connection with such Lender Assignment Agreement, shall have the rights and obligations of a Lender hereunder and under the other Loan Documents, and (y) the assignor Lender, to the extent that rights and obligations hereunder have been assigned or transferred by it, shall be released from its obligations hereunder and under the other Loan Documents, other than any obligations arising prior to the effective date of such assignment. Except to the extent resulting from a subsequent change in law, in no event shall the Borrower be required to pay to any Assignee Lender any amount under Sections 4.2(c), 4.3, 4.4, 4.5, 4.6 and 4.7 that is greater than the amount which it would have been required to pay had no such assignment been made. Such assignor Lender or such Assignee Lender must also pay a processing fee to the Facility Agent upon delivery of any Lender Assignment Agreement in the amount of \$5,000 (and shall also reimburse the Facility Agent and Natixis for any reasonable out-of-pocket costs, including reasonable attorneys' fees and expenses, incurred in connection with the assignment).

SECTION 11.11.2. Participations. Any Lender may at any time sell to one or more commercial banks or other financial institutions (each of such commercial banks and other financial institutions being herein called a "Participant") participating interests in its Loan; provided that:

- a) no participation contemplated in this Section 11.11.2 shall relieve such Lender from its obligations hereunder;
- b) such Lender shall remain solely responsible for the performance of its obligations hereunder;
- c) the Borrower and the Facility Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each of the other Loan Documents;
- d) no Participant, unless such Participant is an Affiliate of such Lender, shall be entitled to require such Lender to take or refrain from taking any action hereunder or under any other Loan Document, except that such Lender may agree with any Participant that such Lender will not, without such Participant's consent, take any actions of the type described in clauses (b) through (f) of Section 11.1;
- e) the Borrower shall not be required to pay any amount under Sections 4.2(c), 4.3, 4.4, 4.5, 4.6 and 4.7 that is greater than the amount which it would have been required to pay had no participating interest been sold; and
- f) each Lender that sells a participation under this Section 11.11.2 shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on

which it enters the name and address of each Participant and the principal amounts of (and stated interest on) each of the Participant's interest in that Lender's portion of the Loan, Commitments or other interests hereunder (the "Participant Register"). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender may treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes hereunder.

The Borrower acknowledges and agrees that each Participant, for purposes of Sections 4.2(c), 4.3, 4.4, 4.5, 4.6 and clause (e) of 7.1.1, shall be considered a Lender.

SECTION 11.11.3. Register. The Facility Agent shall maintain at its address referred to in Section 11.2 a copy of each Lender Assignment Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment(s) of, and principal amount of the Loan owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Facility Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

SECTION 11.11.4. Rights of BpiFAE to payments. The Borrower acknowledges that, immediately upon any payment by BpiFAE (i) of any amounts to a Lender under the BpiFAE Insurance Policy, BpiFAE will be automatically subrogated to the extent of such payment to the rights of that Lender under the Loan Documents or (ii) of any amount under the BpiFAE Enhanced Guarantee and the enforcement of any related security granted by SFIL to any of its Affiliates, which may benefit BpiFAE after payment by BpiFAE under the BpiFAE Enhanced Guarantee, BpiFAE will be automatically entitled to receive the payments normally due to SFIL under the Loan Documents (but, for the avoidance of doubt, such payments shall continue to be made by the Borrower to the Facility Agent in accordance with the provisions of Section 4.8 or any other relevant provisions of this Agreement, as applicable).

SECTION 11.12. Other Transactions. Nothing contained herein shall preclude the Facility Agent or any Lender from engaging in any transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 11.13. BpiFAE Insurance Policy.

SECTION 11.13.1. Terms of BpiFAE Insurance Policy

- a) The BpiFAE Insurance Policy will cover 100% of the Loan.
- b) The BpiFAE Premium will equal 2.35% of the aggregate principal amount of the Loan as at the Actual Delivery Date.

- c) If, after the Actual Delivery Date, the Borrower prepays all or part of the Loan in accordance with this Agreement, BpiFAE shall reimburse to the ECA Agent for the account of the Borrower an amount equal to 80% of all or a corresponding proportion of the unexpired portion of the BpiFAE Premium, having regard to the amount of the prepayment and the remaining term of the Loan, such amount to be calculated in accordance with the following formula:

$$R = P \times (1 - (1 / (1+2.35\%)) \times (N / (12 * 365))) \times 80\%$$

where:

“R” means the amount of the refund;

“P” means the amount of the prepayment;

“N” means the number of days between the effective prepayment date and Final Maturity; and

$P \times (1 - (1 / (1+2.35\%)))$ corresponds to the share of the financed BpiFAE Premium corresponding to P.

SECTION 11.13.2. Obligations of the Borrower. Provided that the BpiFAE Insurance Policy complies with Section 11.13.1 and remains in full force and effect, the Borrower shall pay the balance of the BpiFAE Premium calculated in accordance with Section 11.3.1(b) and still owing to BpiFAE on the Actual Delivery Date to BpiFAE on the Actual Delivery Date by directing the Agent in the Loan Request to pay the Additional Advance in respect of the BpiFAE Premium directly to BpiFAE.

SECTION 11.13.3. Obligations of the ECA Agent and the Lenders.

- a) Promptly upon receipt of the BpiFAE Insurance Policy from BpiFAE, the ECA Agent shall (subject to any confidentiality undertakings given to BpiFAE by the ECA Agent pursuant to the terms of the BpiFAE Insurance Policy) send a copy thereof to the Borrower.
- b) The ECA Agent shall perform such acts or provide such information, which are, acting reasonably, within its power so to perform or so to provide, as required by BpiFAE under the BpiFAE Insurance Policy as necessary to ensure that the Lenders obtain the support of BpiFAE pursuant to the BpiFAE Insurance Policy.
- c) Each Lender will co-operate with the ECA Agent, the Facility Agent and each other Lender, and take such action and/or refrain from taking such action as may be reasonably necessary, to ensure that the BpiFAE Insurance Policy and each Interest Stabilisation Agreement continues in full force and effect and shall indemnify and hold harmless each other Lender in the event that the BpiFAE Insurance Policy or such Interest Stabilisation Agreement (as the case may be) does not continue in full force and effect due to its gross negligence or willful default or due to a voluntary

change in status which results in it no longer being eligible for CIRR interest stabilisation.

d) The ECA Agent shall:

(i) make written requests to BpiFAE seeking a reimbursement of the BpiFAE Premium in the circumstances described in Section 11.13.1(c) promptly after the relevant cancellation or prepayment and (subject to any confidentiality undertakings given to BpiFAE by the ECA Agent pursuant to the terms of the BpiFAE Insurance Policy) provide a copy of the request to the Borrower;

(ii) use its reasonable endeavours to maximize the amount of any reimbursement of the BpiFAE Premium to which the ECA Agent is entitled;

(iii) pay to the Borrower (in the same currency as the refund received from BpiFAE) the full amount of any reimbursement of the BpiFAE Premium that the ECA Agent receives from BpiFAE within two (2) Business Days of receipt with same day value; and

(iv) relay the good faith concerns of the Borrower to BpiFAE regarding the amount of any reimbursement to which the ECA Agent is entitled, it being agreed that the ECA Agent's obligation shall be no greater than simply to pass on to BpiFAE the Borrower's concerns.

SECTION 11.14. Law and Jurisdiction

SECTION 11.14.1. Governing Law. This Agreement and any non-contractual obligations arising out of or in respect of this Agreement shall in all respects be governed by and interpreted in accordance with English Law.

SECTION 11.14.2. Jurisdiction. For the exclusive benefit of the Facility Agent and the Lenders, the parties to this Agreement irrevocably agree that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that any proceedings may be brought in those courts. The Borrower irrevocably waives any objection which it may now or in the future have to the laying of the venue of any proceedings in any court referred to in this Section, and any claim that those proceedings have been brought in an inconvenient or inappropriate forum.

SECTION 11.14.3. Alternative Jurisdiction. Nothing contained in this Section shall limit the right of the Facility Agent or the Lenders to commence any proceedings against the Borrower in any other court of competent jurisdiction nor shall the commencement of any proceedings against the Borrower in one or more jurisdictions preclude the commencement of any proceedings in any other jurisdiction, whether concurrently or not.

SECTION 11.14.4. Service of Process. Without prejudice to the right of the Facility Agent or the Lenders to use any other method of service permitted by law, the Borrower irrevocably agrees that any writ, notice, judgment or other legal process shall be sufficiently served on it if addressed to it and left at

or sent by post to RCL Cruises Ltd., presently at Building 3, The Heights – Brooklands, Weybridge, Surrey, KT13 ONY, Attention: General Counsel, and in that event shall be conclusively deemed to have been served at the time of leaving or, if posted, at 9:00 am on the third Business Day after posting by prepaid first class registered post.

SECTION 11.15. Confidentiality. Each of the Facility Agent and the Lenders agrees to maintain and to cause its Affiliates to maintain the confidentiality of all information provided to it by the Borrower or any Subsidiary of the Borrower, or by the Facility Agent on the Borrower's or such Subsidiary's behalf, under this Agreement, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement or in connection with other business now or hereafter existing or contemplated with the Borrower or any Subsidiary, except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by it or its Affiliates or their respective directors, officers, employees and agents, or (ii) was or becomes available on a non-confidential basis from a source other than the Borrower or any of its Subsidiaries so long as such source is not, to its knowledge, prohibited from disclosing such information by a legal, contractual or fiduciary obligation to the Borrower or any of its Affiliates; provided, however, that it may disclose such information (A) at the request or pursuant to any requirement of any self-regulatory body, governmental body, agency or official to which the Facility Agent, any Lender or any of their respective Affiliates is subject or in connection with an examination of the Facility Agent, such Lender or any of their respective Affiliates by any such authority or body, including without limitation the Republic of France and any French Authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable requirement of law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Facility Agent, any Lender or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder; (F) to the Facility Agent or such Lender's independent auditors, counsel, and any other professional advisors of the Facility Agent or such Lender who are advised of the confidentiality of such information; (G) to any participant or assignee, provided that such Person agrees to keep such information confidential to the same extent required of the Facility Agent and the Lenders hereunder; (H) as to the Facility Agent, any Lender or their respective Affiliates, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Borrower or any Subsidiary is party with the Facility Agent, such Lender or such Affiliate; (I) to its Affiliates and its Affiliates' directors, officers, employees, professional advisors and agents, provided that each such Affiliate, director, officer, employee, professional advisor or agent shall keep such information confidential to the same extent required of the Facility Agent and the Lenders hereunder; (J) to any other party to the Agreement and (K) to the French Authorities and any Person to whom information is required to be disclosed by the French Authorities. Each of the Facility Agent and the Lenders shall

be responsible for any breach of this Section 11.15 by any of its Affiliates or any of its or its Affiliates' directors, officers, employees, professional advisors and agents.

SECTION 11.16. French Authority Requirements. The Borrower acknowledges that:

- a) the Republic of France and any French Authority or any authorised representatives specified by these bodies shall be authorised at any time to inspect and make or demand copies of the records, accounts, documents and other deeds of any or all of the Lenders relating to this Agreement;
- b) in the course of its activity as the Facility Agent, the Facility Agent may:
 - (i) provide the Republic of France and any French Authority with information concerning the transactions to be handled by it under this Agreement; and
 - (ii) disclose information concerning the subsidized transaction contemplated by this Agreement in the context of internationally agreed consultation/notification proceedings and statutory specifications, including information received from the Lenders relating to this Agreement.

SECTION 11.17. Waiver of immunity. To the extent that the Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its assets, the Borrower hereby irrevocably waives such immunity in respect of its obligations under this Agreement and the other Loan Documents.

SECTION 11.18. Acknowledgement and Consent to Bail-In of EEA Financial Institutions.

Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- b) the effects of any Bail-in Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent

undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Hull No. J34 Credit Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

ROYAL CARIBBEAN CRUISES LTD.

By _____

Name:

Title:

Address: 1050 Caribbean Way

Miami, Florida 33132

Facsimile No.: (305) 539-0562

Email: agibson@rccl.com

bstein@rccl.com

Attention: Vice President, Treasurer

With a copy to: General Counsel

SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED, PARIS
BRANCH as ECA Agent and a Lender

Commitment

5.00% of the Maximum Loan
Amount

By _____
Name:
Title:

1/3/5 rue Paul Cézanne
75008 Paris
France

Attention: Cedric Le Duigou
Guillaume Branco
Cam Truong
Claire Lucien

Fax No: +33 1 44 90 48 01
Tel No:
Cedric Le Duigou: +33 1 44 90 48 83
Guillaume Branco: +33 1 44 90 48 71
Cam Truong: +33 1 44 90 48 51
Claire Lucien: +33 1 44 90 48 49

E-mail :
cedric_leduigou@fr.smbcgroup.com
guillaume_branco@fr.smbcgroup.com
cam_truong@fr.smbcgroup.com
claire_lucien@fr.smbcgroup.com
FRPAGTFD@fr.smbcgroup.com

CITIBANK N.A., LONDON BRANCH as Global Coordinator and a Lender

Commitment

21.00% of the Maximum Loan
Amount

By _____
Name:
Title:

Citigroup Centre
Canada Square
London E14 5LB
United Kingdom

Attention: Guido Cicolani
Cristiana Ilievici
Konstantinos Frangos
Kara Catt
Romina Coates

Fax No: +44 20 7986 4881
Tel No: +44 20 7986 3035 /
+44 20 7508 0344
+44 20 7986 4824
+44 20 7986 5017

E-mail:
guido.cicolani@citi.com
Cristiana.ilievici@citi.com
konstantinos.frangos@citi.com
kara.catt@citi.com
romina.coates@citi.com

BANCO BILBAO VIZCAYA ARGENTARIA, PARIS BRANCH as Lender

Commitment

0.50% of the Maximum Loan
Amount

By _____

Name:

Title:

29 avenue de l'Opéra
75001 Paris
France

Attention: David Peyroux
Laura Luca de Tena
Maria Merodio

Fax No: +33 1 44 86 84 45

Tel No: +33 1 44 86 83 98 /

+33 1 44 86 83 21 /

+33 1 44 86 84 45

Email: david.peyroux@bbva.com /

laura.luca@bbva.com /

asuncion.merodio@bbva.com

BANCO SANTANDER, S.A. PARIS BRANCH as Lender

Commitment

12.00% of the Maximum Loan
Amount

By _____
Name:
Title:

Lending Office:

374, rue Saint-Honoré
75001 Paris
France

Operational address:

Ciudad Financiera
Avenida de Cantabria s/n
Edificio Encinar 2a planta
28600 Boadilla del Monte
Spain

Fax No: +34 91 257 1682

Attention: Elise Regnault
Beatriz de la Mata
Ecaterina Mucuta
Vanessa Berrio Vélez
Ana Sanz Gómez

Tel No: +34 912893722
+1 212-297-2942

+33 1 53 53 70 46
+34 91 289 10 28
+34 91 289 17 90

E-mail:
elise.regnault@gruposantander.com
bdelamata@santander.us
ecaterina.mucuta@gruposantander.com
vaberrio@gruposantander.com
anasanz@gruposantander.com
MiddleOfficeParis@gruposantander.com

HSBC FRANCE as Lender

Commitment

5.25% of the Maximum Loan
Amount

By _____
Name:
Title:

HSBC France – Global Banking Agency Operations
(GBAO) Transaction Manager Unit
103 avenue des Champs Elysées
75008 Paris
France

Attention: Guillaume Gladu
Alexandra Penda

Fax No: + 33 1 40 70 28 80
Tel No: + 33 1 40 70 73 81 /
+ 33 1 41 02 67 50

E-mail:
Guillaume.gladu@hsbc.fr
alexandra.penda@hsbc.fr

Copy to:

HSBC France
103 avenue des Champs Elysées
75008 Paris
France

Attention: Julie Bellais
Celine Karsenty

Fax No: + 33 1 40 70 78 93
Tel No: + 33 1 40 70 28 59 /
+ 33 1 40 70 22 97

E-mail:
julie.bellais@hsbc.fr celine.karsenty@hsbc.fr

SOCIÉTÉ GÉNÉRALE as Lender

Commitment

12.02% of the Maximum Loan
Amount

By _____
Name:
Title:

Lending Office:

29 Boulevard Haussmann
75009 Paris
France

Address for Operational / Servicing matters:

Attention: Mouna KHACHABI

Société Générale
189, rue d'Aubervilliers
75886 PARIS CEDEX 18
France

Tel No: +33 1 58 98 30 78

Email : mouna.khachabi@sgcib.com; par-oper-caf-
dmt6@sgcib.com;

For Credit matters:

OPER/FIN/SMO/EXT

Attention: Olivier Gueguen and Muriel Baumann

Tel No: +33 (0)1 42 13 07 52 / +33 (0)1 58 98 22 761

Fax No: +33 1 46 92 45 97

Email: muriel.baumann@sgcib.com
olivier.gueguen@sgcib.com

SFIL as Lender

Commitment

44.23 % of the Maximum Loan
Amount

By _____
Name:
Title:

1-3, rue de Passeur de Boulogne – CS 80054
92861 Issy-les-Moulineaux Cedex 9
France

Contact Person
Loan Administration Department:
Direction du Crédit Export:
Pierre-Marie Debreuille / Anne Crépin
Direction des Opérations:
Dominique Brossard / Patrick Sick

Telephone:
Pierre-Marie Debreuille
+33 1 73 28 87 64
Anne Crépin +33 1 73 28 88 59
Dominique Brossard +33 1 73 28 91 93
Patrick Sick +33 1 73 28 87 66

Email:
pierre-marie.debreuille@sfil.fr
anne.crepin@sfil.fr
dominique.brossard@sfil.fr
patrick.sick@sfil.fr
refinancements-export@sfil.fr creditexport_ops@sfil.fr

Fax: + 33 1 73 28 85 04

CITIBANK EUROPE PLC, UK BRANCH
as Facility Agent

By _____

Name:

Title:

5th Floor Citigroup Centre

Mail drop CGC2 05-65

25 Canada Square Canary Wharf

London E14 5LB

U.K.

Fax no.: +44 20 7492 3980

Attention: EMEA Loans Agency

Dated 5 October 2018

AZAIREMIA FINANCE LIMITED
as Borrower

ROYAL CARIBBEAN CRUISES LTD.
as Buyer

CITIBANK EUROPE PLC, UK BRANCH
as Facility Agent

CITICORP TRUSTEE COMPANY LIMITED
as Security Trustee

CITIBANK N.A., LONDON BRANCH
as Global Coordinator

HSBC FRANCE
as French Coordinating Bank

SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED,
PARIS BRANCH
as ECA Agent
and

THE BANKS AND FINANCIAL INSTITUTIONS LISTED IN SCHEDULE 1
as Mandated Lead Arrangers and Lenders

FIRST SUPPLEMENTAL AGREEMENT
relating to Hull No. K34 at Chantiers de l'Atlantique S.A.
(previously known as STX France S.A.)

NORTON ROSE FULBRIGHT

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THIS FIRST SUPPLEMENTAL AGREEMENT is dated 5 October 2018 and made **BETWEEN**:

- (1) **AZAIREMIA FINANCE LIMITED** as Borrower;
- (2) **ROYAL CARIBBEAN CRUISES LTD.** as Buyer;
- (3) **CITIBANK EUROPE PLC, UK BRANCH** as Facility Agent;
- (4) **CITICORP TRUSTEE COMPANY LIMITED** as Security Trustee;
- (5) **CITIBANK N.A., LONDON BRANCH** as Global Coordinator;
- (6) **HSBC FRANCE** as French Coordinating Bank;
- (7) **SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED, PARIS BRANCH** as ECA Agent;
- (8) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1 as Lenders; and
- (9) **BANCO BILBAO VIZCAY ARGENTARIA, PARIS BRANCH, BANCO SANTANDER, S.A., PARIS BRANCH, CITIBANK N.A., LONDON BRANCH, HSBC FRANCE, SOCIÉTÉ GÉNÉRALE** and **SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED, PARIS BRANCH** as Mandated Lead Arrangers.

WHEREAS:

- (A) By a building contract dated 16 February 2015 (as amended by addendum no. 1 dated 20 June 2016, addendum no. 2 dated 28 July 2016 and addendum No. 3 dated 25 January 2018 the **Building Contract**) between Chantiers de l'Atlantique S.A. (previously known as STX France S.A.) (the **Seller**) and the Buyer, the Seller has agreed to design, construct, equip and complete a passenger cruise vessel with Hull No. K34 (the **Vessel**) for the Buyer.
- (B) By a receivable purchase agreement dated 22 June 2016 (as amended by addendum no. 1 dated 28 July 2016, the **Receivable Purchase Agreement**), the Seller has agreed to sell its contractual rights to the Receivable to the Borrower.
- (C) The Borrower will fund the purchase of the Receivable through the borrowing of advances in an amount of up to €555,288,000 pursuant to a facility agreement dated 22 June 2016 (the **Facility Agreement**) between (1) the Borrower, (2) the Facility Agent, (3) the Security Trustee, (4) the ECA Agent, (5) the Global Coordinator, (6) the French Coordinating Bank, (7) the Mandated Lead Arrangers, and (8) the Lenders.
- (D) By a buyer consent agreement dated 28 July 2016 (the **Buyer Consent Agreement**) between (1) the Borrower, (2) the Seller, (3) the Facility Agent, (4) the Security Trustee, (5) the Refund Guarantors, (6) the RG Agent and (7) the Buyer, the parties have agreed (among other things) the basis upon which the Buyer has consented to the sale of the Receivable and has granted a first priority pre-delivery mortgage over the Vessel.
- (E) By a novation agreement dated 22 June 2016 (the **Novation Agreement**) between (1) the Borrower, (2) the Buyer, (3) the Facility Agent, (4) the Security Trustee, (5) the ECA Agent, (6) the Global Coordinator, (7) the French Coordinating Bank, (8) the Mandated Lead Arrangers, and (9) the Lenders, the parties agreed to the future novation, amendment and restatement of the Facility Agreement with the Buyer as borrower in the form set out therein.
- (F) In connection with certain requirements of Coface (now known as Bpifrance Assurance Export) in relation to the drawdown arrangements under the Facility Agreement in respect of the Non-

Yard Costs it has been agreed that certain amendments should be made to the Facility Agreement and the Novated Credit Agreement.

- (G) The Buyer has also requested that certain changes be made to the provisions of the Novated Credit Agreement so that this reflects certain changes that were agreed to the \$1.15 billion revolving credit facility of the Buyer pursuant to amendment and restatement of this facility on 10 December 2017.
- (H) This Agreement sets out the terms and conditions upon which the parties to this Agreement shall agree to the amendments referred to in recitals (F) and (G) above.

NOW IT IS HEREBY AGREED as follows:

1. Definitions

1.1 Defined expressions

Words and expressions defined in the Facility Agreement and/or the Novation Agreement shall unless the context otherwise requires or unless otherwise defined herein, have the same meanings when used in this Agreement.

1.2 Definitions

In this Agreement, unless the context otherwise requires:

Effective Date means the date, no later than 12 October 2018, specified as the "Effective Date" in the certificate signed by the Facility Agent and the Buyer in accordance with clause 5.4.

Party means each of the parties to this Agreement.

Relevant Documents means the Facility Agreement, the Novation Agreement and the Agency and Trust Deed.

1.3 Relevant Documents

References in the Relevant Documents to "this Agreement" or "this Deed" shall, with effect from the Effective Date and unless the context otherwise requires, be references to such Relevant Document as amended by this Agreement and words such as "herein", "hereof", "hereunder", "hereafter", "hereby" and "hereto", where they appear in the Relevant Documents, shall be construed accordingly.

1.4 Headings

Clause headings and the table of contents are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement.

1.5 Construction of certain terms

Clause 1.5 of the Buyer Consent Agreement shall apply to this agreement (mutatis mutandis) as if set out herein and as if references therein to "this Deed" were references to this Agreement.

1.6 Designation as a Transaction Document

This Agreement is designated as a Transaction Document.

2 Agreement of the Parties

Each of the Parties, relying upon the representations and warranties on the part of the other Parties contained in clause 4, agrees that, subject to the terms and conditions of this Agreement and in particular, but without prejudice to the generality of the foregoing, fulfilment on or before 12 October 2018 of the conditions contained in clause 5 and Schedule 2, the Relevant Documents shall be amended on the terms set out in clause 3.

3 Amendments to Relevant Documents

3.1 Amendments to Facility Agreement

The Facility Agreement shall, with effect on and from the Effective Date, be (and it is hereby) amended in accordance with the amendments set out in Schedule 3 and (as so amended) will continue to be binding upon each of the Borrower and the Finance Parties in accordance with its terms as so amended.

3.2 Amendments to Novation Agreement

The Novation Agreement shall, with effect on and from the Effective Date, be (and it is hereby) amended in accordance with the amendments set out in Schedule 4 and (as so amended) will continue to be binding upon each of the Borrower, the Finance Parties and the Buyer in accordance with its terms as so amended.

3.3 Amendments to Agency and Trust Deed

The Agency and Trust Deed shall, with effect on and from the Novation Effective Date, be (and it is hereby) amended in accordance with the amendments set out in Schedule 5 and (as so amended) will continue to be binding upon each of the Finance Parties (save for the French Coordinating Bank as set out below) and the Buyer (as borrower and reflecting the accession set out below) in accordance with its terms as so amended. In addition, on the Novation Effective Date and at the same time as the amendments referred to above:

- (a) the Buyer shall accede to the Agency and Trust Deed as the borrower thereunder and in replacement of the Borrower; and
- (b) the Borrower and the French Coordinating Bank shall cease to be parties to the Agency and Trust Deed and shall be released from any obligations thereunder,

and as such arrangements are reflected in the amendment to the Agency and Trust Deed set out in Schedule 5.

3.4 Continued force and effect

The provisions of the Relevant Documents shall continue in full force and effect (as amended by this Agreement) and each of the Relevant Documents and this Agreement shall be read and construed as one instrument.

4 Representations and warranties

4.1 General representations and warranties

Each Party represents and warrants (each severally for and in respect of itself) to each of the other Parties hereto that as at the date hereof:

- (a) it is a corporation or limited liability company, duly incorporated and validly existing under the laws of its country of incorporation;

- (b) it has the power to enter into, perform and deliver, and each has taken all necessary corporate action to authorise the entry into, performance and delivery of, this Agreement and the transactions contemplated by this Agreement;
- (c) this Agreement constitutes its legal, valid, binding and enforceable obligations subject to any relevant qualifications as to matters of law of the type set out in the legal opinions delivered under the Facility Agreement on the Signing Date (as defined in the Facility Agreement); and
- (d) all contractual and other consents or approvals necessary in connection with the authorisation, execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or the performance by it of its obligations under this Agreement have been or will, when required, be obtained or made.

4.2 Borrower additional representations

The Borrower further represents and warrants to the Finance Parties that the representations and warranties set out in clause 7.1 of the Facility Agreement are true and correct, including to the extent that they may have been or shall be amended by this Agreement as if made at the date of this Agreement with reference to the facts and circumstances existing on such date.

4.3 Buyer additional representations

The Buyer further represents and warrants to the Finance Parties that the representations and warranties set out in the first paragraph of clause 8.2 of the Novation Agreement are true and correct, including to the extent that they may have been or shall be amended by this Agreement as if made at the date of this Agreement with reference to the facts and circumstances existing on such date.

4.4 Repetition of representations and warranties

The representations and warranties in clauses 4.1 to 4.3 shall be deemed repeated by each relevant Party on and as of the Effective Date, as if made with reference to the facts and circumstances existing on the Effective Date.

5 Conditions

5.1 Documents and evidence

The agreement of the Parties referred to in clause 2 shall be subject to:

- (a) the receipt by the Facility Agent or its duly authorised representative of the documents and evidence specified in Part A of Schedule 2; and

the receipt by the Buyer or its duly authorised representative of the documents and evidence specified in Part B of Schedule 2, in each case in form and substance satisfactory to the relevant Party.

5.2 General conditions precedent

The agreement of the Finance Parties referred to in clause 2 shall be subject to the further conditions that on the Effective Date:

- (a) the representations and warranties of the other Parties contained in clause 4 are true and correct in all material respects (except for such representations and warranties that are qualified by materiality or non-existence of a material adverse effect which shall be accurate in all respects) on and as of each such time as if each was made with respect to the facts and circumstances existing at such time; and

- (b) no Event of Default shall have occurred and be continuing or would result from the amendment of the Relevant Documents pursuant to this Agreement.

5.3 Waiver of conditions precedent

The conditions set out in clauses 5.1 and 5.2 of this Agreement are for the sole benefit of the Party specified in the relevant clause, who shall be entitled to waive the fulfilment for its benefit of any of those conditions on such terms as it deems fit (in the case of the Facility Agent, acting on the instructions of the Majority Lenders).

5.4 Effective Date certificate

Upon fulfilment or waiver of the conditions in this clause 5, the Facility Agent and the Buyer shall sign a certificate in the form set out in Schedule 6 confirming that the Effective Date has occurred and such certificate shall be binding on all Parties.

6 Confirmation of continued effect

Each of the Parties acknowledge and agree that the Transaction Documents to which they are respectively a party shall remain in full force and effect save that, with effect on and from the Effective Date, the references therein to any Relevant Document shall be construed as references to such document as amended and, as applicable, acceded to by this Agreement.

7 Costs and expenses

7.1 Expenses

The Buyer agrees to pay on demand, on an after-tax basis, all costs and expenses in connection with:

the preparation, execution and delivery of; and

the administration, modification and amendment of,

this Agreement and all other documents to be delivered hereunder or thereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of Norton Rose Fulbright LLP as the legal adviser to the Lenders, the Facility Agent and the Security Trustee and any correspondent counsel separately agreed in writing between the Seller and the Facility Agent with respect thereto on a basis (in relation to the costs referred to in 0 above) separately agreed between the Seller and the Facility Agent.

7.2 Value Added Tax

All fees and expenses payable pursuant to this clause 7 shall be paid together with value added tax or any similar tax (if any) properly chargeable thereon.

7.3 Stamp and other duties

The Buyer agrees to pay on demand all stamp, documentary, registration or other like duties or taxes (including any duties or taxes payable by a Finance Party) imposed on or in connection with this Agreement and shall indemnify the other Parties against any liability arising by reason of any delay or omission by the Buyer to pay such duties or taxes.

8 Miscellaneous and notices

8.1 Notices

The provisions of clause 23.1 of the Buyer Consent Agreement shall extend and apply to the giving or making of notices or demands hereunder as if the same were expressly stated herein with all necessary changes and so that any notices to a Lender shall be sent to the relevant Lender to its address and contact details set out in Schedule 1.

8.2 Counterparts

This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts, each of which when so executed and delivered shall be an original but all counterparts shall together constitute one and the same instrument.

8.3 Limitation on recourse

The provisions of clause 16 (*Limitation on recourse*) of the Facility Agreement shall apply equally to this Agreement.

9 Governing law

9.1 Law

This Agreement and any non-contractual obligations connected with it are governed by and shall be construed in accordance with English law.

9.2 Submission to jurisdiction

Each of the Parties hereto agree for the benefit of the other Parties hereto that any legal action or proceedings arising out of or in connection with this Agreement and any non-contractual obligations connected with it against any of the Parties hereto or any of their respective assets shall be brought in the English courts, and each of the Parties hereto irrevocably and unconditionally submits to the jurisdiction of the English courts. Each of the Parties hereto further agrees that only the courts of England and not those of any other State shall have jurisdiction to determine any claim which a Party may have against the another Party hereto arising out of or in connection with this Agreement.

Each of the Borrower and the Buyer confirms and agrees for the benefit of the each of the other Parties hereto that those agents appointed by it pursuant to clause 27.2 of the Buyer Consent Agreement are also designated, appointed and empowered to receive for it and on its behalf, service of process issued out of the English courts in any legal action or proceedings arising out of or in connection with this Agreement and any non-contractual obligations connected with it.

IN WITNESS whereof the parties to this Agreement have caused this Agreement to be duly executed on the date first above written.

Schedule 1
The Mandated Lead Arrangers and the Lenders

| Name | Facility Office and contact details |
|---|--|
| Banco Bilbao Vizcaya Argentaria, Paris Branch | <p>29 avenue de l'Opéra 75001 Paris France</p> <p>Attention: David Peyroux Laura Luca de Tena Maria Merodio</p> <p>Fax No: +33 1 44 86 84 45</p> <p>Tel No: +33 1 44 86 83 98 / +33 1 44 86 83 21 / +33 1 44 86 84 45</p> <p>Email: david.peyroux@bbva.com / laura.luca@bbva.com / asuncion.merodio@bbva.com</p> |
| Banco Santander, S.A, Paris Branch | <p>Facility Office:</p> <p>374, rue Saint-Honoré 75001 Paris France</p> <p>Operational address:</p> <p>Ciudad Financiera Avenida de Cantabria s/n Edificio Encinar 2a planta 28600 Boadilla del Monte Spain</p> <p>Fax No: +34 91 257 1682</p> <p>Attention: Elise Regnault Beatriz de la Mata Ecaterina Mucuta Vanessa Berrio Vélez Ana Sanz Gómez</p> <p>Tel No: +34 912893722 +1 212-297-2942 +33 1 53 53 70 46 +34 91 289 10 28 +34 91 289 17 90</p> <p>E-mail: elise.regnault@gruposantander.com bdelamata@santander.us ecaterina.mucuta@gruposantander.com vaberrio@gruposantander.com anasanz@gruposantander.com MiddleOfficeParis@gruposantander.com</p> |

| Name | Facility Office and contact details |
|------------------------------|--|
| Citibank N.A., London Branch | <p>Citigroup Centre Canada Square London E14 5LB United Kingdom</p> <p>Attention: Guido Cicolani / Cristiana Ilievici / Konstantinos Frangos / Romina Coates / Kara Catt</p> <p>Fax No: +44 20 7986 4881</p> <p>Tel No: +44 20 7986 3035 / +44 20 7508 0344 / +44 20 7986 4824 / +44 20 7986 5017</p> <p>E-mail: guido.cicolani@citi.com cristiana.ilievici@citi.com konstantinos.frangos@citi.com kara.catt@citi.com romina.coates@citi.com</p> |
| HSBC France | <p>HSBC France – Global Banking Agency Operations (GBO) Transaction Manager Unit</p> <p>103 avenue des Champs Elysées 75008 Paris France</p> <p>Attention: Guillaume Gladu / Alexandra Penda</p> <p>Fax No: + 33 1 40 70 28 80</p> <p>Tel No: + 33 1 40 70 73 81 / + 33 1 41 02 67 50</p> <p>E-mail: guillaume.gladu@hsbc.fr alexandra.penda@hsbc.fr</p> <p>Copy to:</p> <p>HSBC France 103 avenue des Champs Elysées 75008 Paris France</p> <p>Attention: Julie Bellais Celine Karsenty</p> <p>Fax No: + 33 1 40 70 78 93</p> <p>Tel No: + 33 1 40 70 28 59 / + 33 1 40 70 22 97</p> <p>E-mail: julie.bellais@hsbc.fr</p> |

| Name | Facility Office and contact details |
|--|--|
| | celine.karsenty@hsbc.fr |
| Société Générale | <p>Facility Office: 29 Boulevard Haussmann 75009 Paris France</p> <p>Address for Notices: 189, rue d'Aubervilliers 75886 PARIS CEDEX 18 France OPER/FIN/SMO/EXT</p> <p>Attention: Olivier Gueguen and Muriel Baumann</p> <p>Tel No: +33 (0)1 42 13 07 52 / +33 (0)1 58 98 22 761</p> <p>Fax No: +33 1 46 92 45 97</p> <p>Email: muriel.baumann@sgcib.com olivier.gueguen@sgcib.com</p> |
| Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch | <p>1/3/5 rue Paul Cézanne 75008 Paris France</p> <p>Attention: Cedric le Duigou Guillaume Branco Cam Truong Claire Lucien Helene Ly</p> <p>Fax No: +33 1 44 90 48 01</p> <p>Tel No: Cedric le Duigou: + 33 1 44 90 48 83 Guillaume Branco: + 33 1 44 90 48 71 Cam Truong: + 33 1 44 90 48 51 Claire Lucien: + 33 1 44 90 48 49 Helene Ly: + 33 1 44 90 48 76</p> <p>E-mail: cedric_leduigou@fr.smbcgroup.com guillaume_branco@fr.smbcgroup.com cam_truong@fr.smbcgroup.com claire_lucien@fr.smbcgroup.com helene_ly@fr.smbcgroup.com</p> |
| SFIL | <p>1-3, rue de Passeur de Boulogne – CS 80054 92861 Issy-les-Moulineaux Cedex 9 France</p> <p>Contact Person Loan Administration Department:</p> |

| Name | Facility Office and contact details |
|------|---|
| | <p>Direction du Crédit Export: Pierre-Marie Debreuille / Anne Crépin Direction des Opérations: Dominique Brossard / Patrick Sick</p> <p>Telephone: Pierre-Marie Debreuille +33 1 73 28 87 64 Anne Crépin +33 1 73 28 88 59 Dominique Brossard +33 1 73 28 91 93 Patrick Sick +33 1 73 28 87 66</p> <p>Email: pierre-marie.debreuille@sfil.fr anne.crepin@sfil.fr dominique.brossard@sfil.fr patrick.sick@sfil.fr refinancements-export@sfil.fr creditexport_ops@sfil.fr</p> <p>Fax: + 33 1 73 28 85 04</p> |

Schedule 2
Documents and evidence required as conditions precedent
(referred to in clause 5.1)

Part A: Facility Agent

- 1 A certificate from an authorised signatory of each of the Borrower and the Buyer confirming that there have been no changes or amendments to the constitutional documents or board resolutions of such Party, certified copies of which were previously delivered (directly or indirectly) to the Facility Agent pursuant to the Facility Agreement or attaching revised versions in case of any changes or amendments.
- 2 A copy, certified by an authorised officer of each of the Borrower and the Buyer of (a) resolutions of the board of directors of such Party approving the transactions contemplated by this Agreement and authorising a person or persons to execute this Agreement and any notices or other documents to be given pursuant hereto and (b) any power of attorney issued pursuant to such resolutions (which shall be certified as being in full force and effect and not revoked or withdrawn).
- 3 A copy, certified as a true copy by an authorised signatory of the Buyer, of addendum no. 3 to the Building Contract dated 25 January 2018 which (among other things) adjusts the provisions dealing with payment of the Basic Contract Price.
- 4 Payment of all fees, commissions, costs and expenses required to be paid to the Finance Parties on or before the Effective Date under any of the Transaction Documents or under any mandate letter or fee letter entered into in connection with the Transaction Documents.
- 5 Written acceptance by the agents for service of process in respect of the Borrower and the Buyer in relation to this Agreement.
- 6 An opinion of Norton Rose Fulbright LLP, English legal advisers.
- 7 An opinion of Watson Farley & Williams LLP, Liberian legal advisers.
- 8 An opinion of Walkers, Cayman Islands legal advisers.
- 9 A confirmation from Walkers Fiduciary Limited as shareholder of the Borrower that the share charge dated 22 June 2016 remains in full force and effect.
- 10 Evidence, in a form and substance satisfactory to the Lenders, that BpiFrance Assurance Export has agreed to the changes referred to in this Agreement.

Part B: Buyer

- 1 A certificate from an authorised signatory of the Borrower confirming that there have been no changes or amendments to the constitutional documents or board resolutions of the Borrower, certified copies of which were previously delivered to the Facility Agent pursuant to the Facility Agreement or attaching revised versions in case of any changes or amendments.
- 2 A copy, certified by an authorised officer of the Borrower of (a) resolutions of the board of directors of the Borrower approving the transactions contemplated by this Agreement and authorising a person or persons to execute this Agreement and any notices or other documents to be given pursuant hereto and (b) any power of attorney issued pursuant to such resolutions (which shall be certified as being in full force and effect and not revoked or withdrawn).
- 3 Written acceptance by the agent for service of process in respect of the Borrower in relation to this Agreement.

Schedule 3 Amendments to Facility Agreement

A new clause 9.2(h) shall be incorporated as follows:

“(h) where the Borrower requests that the final Advance be made available on the Actual Delivery Date, the Facility Agent is satisfied that the Vessel will be delivered by the Seller to the Buyer (or its nominee) at the same time as the making of the final Advance.”.

Schedule 4 Amendments to Novation Agreement

- 1 The definition of "Spot Rate of Exchange" in clause 1.1 shall be deleted and replaced with the following new definition:

"Spot Rate of Exchange means, for the purposes of determining an equivalent amount in EUR of Dollars on any relevant date, the mid FX Rate EUR/USD (published on the basis of the 1:00pm London Bloomberg BFIX rate) two (2) Business Days before that date."
- 2 The words "First Payment Date (as defined in the Receivable Purchase Agreement)" in clause 5.6(b) (*Notification of New Borrower's hedging arrangements*) shall be deleted and replaced with the words "Signing Date".
- 3 The words "ECB FX" in clause 5.7 (*Additional Spot Rate of Exchange*) shall be deleted and replaced with the words "Bloomberg BFIX".
- 4 The form of Novated Credit Agreement set out in Schedule 3 shall be replaced with the form set out in Part A of the Annex to this Schedule.
- 5 New Exhibits E-1 and E-2 shall be added to the Novated Credit Agreement in the form set out in Part B of the Annex to this Schedule.

Annex to Schedule 4
Part A
(Replacement Form of Novated Credit Agreement)

HULL NO. K34 CREDIT AGREEMENT

dated 22 June 2016 as novated, amended and restated
on the Actual Delivery Date pursuant to
a novation agreement dated 22 June 2016

BETWEEN

Royal Caribbean Cruises Ltd.

as the Borrower,

the Lenders from time to time party hereto,

Citibank N.A., London Branch
as Global Coordinator

Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch
as ECA Agent

and

Citibank Europe plc, UK Branch
as Facility Agent

and

Banco Bilbao Vizcaya Argentaria, Paris Branch, Banco Santander, S.A. Paris branch,
Citibank N.A., London Branch, HSBC France, Société Générale and
Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch
as Mandated Lead Arrangers

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EXHIBITS

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- Exhibit B-2 - Form of Opinion of English Counsel to the Facility Agent and the Lenders
- Exhibit B-3 - Form of Opinion of French Counsel to the Facility Agent and the Lenders
- Exhibit B-4 - Form of Opinion of US Tax Counsel to the Lenders
- Exhibit C - Form of Lender Assignment Agreement
- Exhibit D - Form of Certificate of French Content
- Exhibit E-1 - Form of Delivery Non-Yard Costs Certificate
- Exhibit E-2 - Form of Final Non-Yard Costs Certificate

CREDIT AGREEMENT

HULL NO. K34 CREDIT AGREEMENT, dated 22 June 2016 as novated, amended and restated on the Actual Delivery Date (as defined below), is among Royal Caribbean Cruises Ltd., a Liberian corporation (the “Borrower”), Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch in its capacity as agent for the Lenders referred to below in respect of matters related to BpiFrance Assurance Export (in such capacity, the “ECA Agent”), Citibank Europe plc, UK Branch in its capacity as facility agent (in such capacity, the “Facility Agent”) and the financial institutions listed in Schedule 1 to the Novation Agreement (as defined below) as lenders (in such capacity, together with each of the other Persons that shall become a “Lender” in accordance with clause 12 of the Novation Agreement or Section 11.11.1 hereof, each of them individually a “Lender” and, collectively, the “Lenders”).

WITNESSETH:

WHEREAS,

- (A) The Borrower and Chantiers de l’Atlantique S.A. (previously known as STX France S.A.) (the “Builder”) have entered on 16 February 2015 into a Contract for the Construction and Sale of Hull No. K34 (as amended from time to time, the “Construction Contract”) pursuant to which the Builder has agreed to design, construct, equip, complete, sell and deliver the passenger cruise vessel bearing Builder’s hull number K34 which shall be owned by a Subsidiary of the Borrower, Celebrity Edge, Inc. (the “Purchased Vessel”);
- (B) The Lenders have agreed to make available to the Borrower, upon the terms and conditions contained herein, a US dollar loan facility calculated on the amount (the “Maximum Loan Amount”) equal to the EUR sum of:
- (i) eighty per cent (80%) of the Contract Price (as defined below) of the Purchased Vessel, and including Non-Yard Costs of up to EUR 76,000,000 (the “Maximum Non-Yard Costs Amount”) and the Other Basic Contract Price Increases (as defined below) for the Purchased Vessel of an amount which, when aggregated with the Non-Yard Costs, does not exceed EUR 68,300,000, but which amount shall not exceed in the aggregate EUR 697,940,000.
 - (ii) eighty per cent (80%) of the change orders of up to EUR 99,110,000 (representing up to 17% of the Basic Contract Price) effected in accordance with the Construction Contract; and
 - (iii) 100% of the BpiFAE Premium (as defined below),
- being an amount no greater than EUR 652,624,540 and being made available in the US Dollar Equivalent of that Maximum Loan Amount (as such Dollar amount may be adjusted pursuant to clause 5.3 of the Novation Agreement);
- (C) Of the amounts referred to in recital (B)(i) and (ii) above, the Lenders have made certain amounts available to the Original Borrower during the period prior

to the Actual Delivery Date pursuant to this Agreement (the liability for which amount has been assumed by the Borrower following the novation of this Agreement pursuant to the Novation Agreement) and, in relation to the amount referred to in recital (B)(i), the balance has been or shall be made available to the Borrower as an Additional Advance pursuant to the Novation Agreement and this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1. Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, when capitalized, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

“Accumulated Other Comprehensive Income (Loss)” means at any date the Borrower’s accumulated other comprehensive income (loss) on such date, determined in accordance with GAAP.

“Actual Delivery Date” means the date on which the Purchased Vessel is delivered by the Builder to, and accepted by, the Borrower under the Construction Contract, being also the date on which the final balance of the Loan is advanced by way of the Additional Advances.

“Additional Advances” is defined in the Novation Agreement.

“Affiliate” of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person. A Person shall be deemed to be “controlled by” any other Person if such other Person possesses, directly or indirectly, power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

“Agent” means either the ECA Agent or the Facility Agent and “Agents” means both of them.

“Agreement” means, on any date, this credit agreement as originally in effect on the Signing Date and as novated, amended and restated by the Novation Agreement and as thereafter from time to time amended, supplemented, amended and restated, or otherwise modified and in effect on such date.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Affiliates from time to time concerning or relating to bribery or corruption.

“Applicable Commitment Rate” means (x) from the Signing Date up to but excluding April 30, 2018, 0.15% per annum, (y) from April 30, 2018 up to but excluding April 30, 2019, 0.25% per annum, and (z) from April 30, 2019 until the Commitment Fee Termination Date, 0.30% per annum.

“Applicable Jurisdiction” means the jurisdiction or jurisdictions under which the Borrower is organized, domiciled or resident or from which any of its business activities are conducted or in which any of its properties are located and which has jurisdiction over the subject matter being addressed.

“Approved Appraiser” means any of the following: Barry Rogliano Salles, Paris, H Clarkson & Co. Ltd., London, R.S. Platou Shipbrokers, Norway, or Fearnley AS, Norway.

“Assignee Lender” is defined in Section 11.11.1.

“Authorized Officer” means those officers of the Borrower authorized to act with respect to the Loan Documents and whose signatures and incumbency shall have been certified to the Facility Agent by the Secretary or an Assistant Secretary of the Borrower.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bank of Nova Scotia Agreement” means the U.S. \$1,428,000,000 amended and restated credit agreement dated as of December 4, 2017 among the Borrower, as borrower, the various financial institutions as are or shall become parties thereto, as lenders, and The Bank of Nova Scotia, as administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“Basic Contract Price” is as defined in the Construction Contract.

“Borrower” is defined in the preamble.

“BpiFAE” means BpiFrance Assurance Export, the French export credit agency, a French *société par action simplifiée à associé unique* with its registered office at 27-31, avenue du Général Leclerc, 94710 Maisons-Alfort Cedex, France, registered at the trade and companies registry of Créteil under number 815 276 308 and includes its successors in title or any other person succeeding to BpiFrance Assurance Export in the role as export credit agency of the Republic of France to manage and provide under its control, on its behalf and in its name the public export guarantees as provided by article L 432-1 of the French insurance code.

“BpiFAE Enhanced Guarantee” means the enhanced guarantee (*garantie rehaussée*) issued or to be issued by BpiFAE to the benefit of CAFFIL in accordance with article 84 of the French Amending Finance Law 2012 (as amended) in relation to the refinancing of SFIL’s participation and Commitments under the Loan, and any other documents (including any security) entered into or to be entered into by SFIL with CAFFIL and/or BpiFAE in relation thereto.

“BpiFAE Insurance Policy” means the export credit insurance policy in respect of the Loan issued by BpiFAE for the benefit of the Lenders.

“BpiFAE Premium” means the premium payable to BpiFAE under and in respect of the BpiFAE Insurance Policy.

“Builder” is defined in the preamble.

“Business Day” means any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York City, London, Madrid or Paris, and if the applicable Business Day relates to an advance of all or part of the Loan, an Interest Period, prepayment or conversion, in each case with respect to the Loan bearing interest by reference to the LIBO Rate, a day on which dealings in deposits in Dollars are carried on in the London interbank market.

“CAFFIL” means *Caisse Française de Financement Local*, a French société anonyme, with its registered office at 1-3 rue du Passeur de Boulogne, 92130 Issy-les-Moulineaux, France, registered at the trade and companies registry of Nanterre under number 421 318 064.

“Capital Lease Obligations” means obligations of the Borrower or any Subsidiary of the Borrower under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases.

“Capitalization” means, at any date, the sum of (a) Net Debt on such date, plus (b) Stockholders’ Equity on such date.

“Capitalized Lease Liabilities” means the principal portion of all monetary obligations of the Borrower or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

“Cash Equivalents” means all amounts other than cash that are included in the “cash and cash equivalents” shown on the Borrower’s balance sheet prepared in accordance with GAAP.

“Change of Control” means an event or series of events by which (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of 50% or more of the equity securities of the Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); or (b) during any period of 24 consecutive months, a majority of the members of the board of directors or other

equivalent governing body of the Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

“CIRR” means 2.93% per annum being the Commercial Interest Reference Rate determined in accordance with the OECD Arrangement for Officially Supported Export Credits to be applicable to the Loan hereunder.

“Citibank” means Citibank N.A., London Branch.

“Code” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

“Commitment” is defined in Section 2.2 and means, relative to any Lender, such Lender’s obligation to make the Loan pursuant to Section 2.1.

“Commitment Fees” is defined in Section 3.4.

“Commitment Fee Termination Date” is defined in Section 3.4.

“Commitment Termination Date” means the Back Stop Date (as defined in the Receivable Purchase Agreement) (or such later date as the Lenders and BpiFAE may agree).

“Construction Contract” is defined in the preamble.

“Contract Price” is as defined in the Construction Contract and which includes a lump sum amount in respect of the Non-Yard Costs.

“Contractual Delivery Date” means, at any time, the date which at such time is the date specified for delivery of the Purchased Vessel under the Construction Contract, as such date may be modified from time to time pursuant to the terms of the Construction Contract.

“Covered Taxes” is defined in Section 4.6.

“Default” means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

“Delivery Non-Yard Costs Certificate” means the certificate to be provided to the Facility Agent in the form of Exhibit E-1 on or prior to the Actual Delivery Date certifying the amount in EUR of the Paid Non-Yard Costs and the Unpaid Non-Yard Costs as at the Actual Delivery Date, duly signed by the Borrower and endorsed by the Builder.

“Dollar” and the sign “\$” mean lawful money of the United States.

“ECA Agent” is defined in the preamble.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date this Agreement becomes effective pursuant to Section 11.8.

“Effective Time” means the Novation Effective Time as defined in the Novation Agreement.

“Environmental Laws” means all applicable federal, state, local or foreign statutes, laws, ordinances, codes, rules and regulations (including consent decrees and administrative orders) relating to the protection of the environment.

“Escrow Account” means the Dollar escrow account of the Borrower opened or to be opened with the Escrow Account Bank for the purpose of receiving the relevant amount of the Additional Advances in respect of Unpaid Non-Yard Costs in accordance with Section 2.3f).

“Escrow Account Bank” means Citibank N.A., London Branch of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

“Escrow Account Security” means the account security in respect of the Escrow Account executed or, as the context may require, to be executed by the Borrower in favour of the Security Trustee in the form agreed by the Lenders and the Borrower on or about the Restatement Date.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“EUR” and the sign “€” mean the currency of participating member states of the European Monetary Union pursuant to Council Regulation (EC) 974/98 of 3 May 1998, as amended from time to time.

“Event of Default” is defined in Section 8.1.

“Existing Principal Subsidiaries” means each Subsidiary of the Borrower that is a Principal Subsidiary on the Signing Date.

“Facility Agent” is defined in the preamble and includes each other Person as shall have subsequently been appointed as the successor Facility Agent, and as shall have accepted such appointment, pursuant to Section 10.5.

“FATCA” means (a) Sections 1471 through 1474 of the Code, as in effect at the date hereof, and any current or future regulations promulgated thereunder or official interpretations thereof, (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“FATCA Deduction” means a deduction or withholding from a payment under a Loan Document required by FATCA.

“FATCA Exempt Party” means a party to this Agreement that is entitled to receive payments free from any FATCA Deduction.

“Fee Letter” means any letter entered into by reference to this Agreement between any or all of the Facility Agent, the Mandated Lead Arrangers, the Arrangers, the Lenders and/or the Borrower setting out the amount of certain fees referred to in, or payable in connection with, this Agreement.

“Final Maturity” means twelve (12) years after the Actual Delivery Date.

“Final Non-Yard Costs Certificate” means the certificate to be provided to the Facility Agent in the form of Exhibit E-2 on or prior to the NYC Cut Off Date certifying the amount in Euro of the Paid Non-Yard Costs as at the date of that certificate, duly signed by the Borrower.

“Fiscal Quarter” means any quarter of a Fiscal Year.

“Fiscal Year” means any annual fiscal reporting period of the Borrower.

“Fixed Charge Coverage Ratio” means, as of the end of any Fiscal Quarter, the ratio computed for the period of four consecutive Fiscal Quarters ending on the close of such Fiscal Quarter of:

- a) net cash from operating activities (determined in accordance with GAAP) for such period, as shown in the Borrower’s consolidated statement of cash flow for such period, to
- b) the sum of:
 - i) dividends actually paid by the Borrower during such period (including, without limitation, dividends in respect of preferred stock of the Borrower); plus

ii) scheduled payments of principal of all debt less New Financings (determined in accordance with GAAP, but in any event including Capitalized Lease Liabilities) of the Borrower and its Subsidiaries for such period.

“Fixed Rate” means a rate per annum equal to the sum of the CIRR plus the Fixed Rate Margin.

“Fixed Rate Margin” means 0.295% per annum.

“Floating Rate” means a rate per annum equal to the sum of the LIBO Rate plus the Floating Rate Margin.

“Floating Rate Margin” means, for each Interest Period 0.90% per annum.

“F.R.S. Board” means the Board of Governors of the Federal Reserve System or any successor thereto.

“French Authorities” means the *Direction Générale du Trésor* of the French Ministry of Economy and Finance, any successors thereto, or any other governmental authority in or of France involved in the provision, management or regulation of the terms, conditions and issuance of export credits including, among others, such entities to whom authority in respect of the extension or administration of export financing matters have been delegated, such as BpiFAE and Natixis DAI.

“Funding Losses Event” is defined in Section 4.4.1.

“GAAP” is defined in Section 1.4.

“Government-related Obligations” means obligations of the Borrower or any Subsidiary of the Borrower under, or Indebtedness incurred by the Borrower or any Subsidiary of the Borrower to satisfy obligations under, any governmental requirement imposed by any Applicable Jurisdiction that must be complied with to enable the Borrower and its Subsidiaries to continue their business in such Applicable Jurisdiction, excluding, in any event, any taxes imposed on the Borrower or any Subsidiary of the Borrower.

“Hedging Instruments” means options, caps, floors, collars, swaps, forwards, futures and any other agreements, options or instruments substantially similar thereto or any series or combination thereof used to hedge interest, foreign currency and commodity exposures.

“herein”, “hereof”, “hereto”, “hereunder” and similar terms contained in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular Section, paragraph or provision of this Agreement or such other Loan Document.

“Historic Screen Rate” means, in relation to the Loan, the most applicable recent rate which appeared on Thomson Reuters LIBOR 01 Page (or any similar page) for the currency of the Loan and for a period equal to the applicable Interest Period for the Loan and which is no more than 7 days before the commencement of the applicable Interest Period for which such rate may be applicable.

“Illegality Notice” is defined in Section 3.2(b).

“Indebtedness” means, for any Person: (a) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such property from such Person); (b) obligations of such Person to pay the deferred purchase or acquisition price of property or services, other than (i) trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within 180 days of the date the respective goods are delivered or the respective services are rendered and (ii) any purchase price adjustment, earnout or deferred payment of a similar nature incurred in connection with an acquisition (but only to the extent that no payment has at the time accrued pursuant to such purchase price adjustment, earnout or deferred payment obligation); (c) Indebtedness of others secured by a Lien on the property of such Person, whether or not the respective indebtedness so secured has been assumed by such Person; (d) obligations of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for the account of such Person; (e) Capital Lease Obligations of such Person; (f) guarantees by such Person of Indebtedness of others, up to the amount of Indebtedness so guaranteed; (g) obligations of such Person in respect of surety bonds and similar obligations; and (h) liabilities arising under Hedging Instruments.

“Indemnified Liabilities” is defined in Section 11.4.

“Indemnified Parties” is defined in Section 11.4.

“Interest Payment Date” means each Repayment Date.

“Interest Period” means the period between the Actual Delivery Date and the first Repayment Date, and subsequently each succeeding period between two consecutive Repayment Dates.

“Interest Stabilisation Agreement” means an agreement on interest stabilisation entered into between Natixis and each Lender (other than BpiFAE or CAFFIL as assignee of all or any of SFIL’s rights as Lender following the enforcement of any security granted pursuant to paragraph (iv) of Section 11.11.1 in connection with the BpiFAE Enhanced Guarantee, subject as provided in Section 11.11.1) in connection with the Loan.

“Investment Grade” means, with respect to Moody’s, a Senior Debt Rating of Baa3 or better and, with respect to S&P, a Senior Debt Rating of BBB- or better.

“Lender Assignment Agreement” means any Lender Assignment Agreement substantially in the form of Exhibit C.

“Lender” and “Lenders” are defined in the preamble.

“Lending Office” means, relative to any Lender, the office of such Lender designated as such below its signature hereto or designated in a Lender Assignment Agreement or such other office of a Lender as designated from time to time by notice from such Lender to the Borrower and the Facility Agent, whether or not outside the United States but subject in all

cases to the agreement of Natixis DAI in relation to the CIRR, which shall be making or maintaining the Loan of such Lender hereunder.

“LIBO Rate” means the rate per annum of the offered quotation for deposits in Dollars for six months (or for such other period as shall be agreed by the Borrower and the Facility Agent) which appears on Thomson Reuters LIBOR01 Page (or any successor page) at or about 11:00 a.m. (London time) two (2) Business Days before the commencement of the relevant Interest Period; provided that:

- a) subject to Section 3.3.6, if no such offered quotation appears on Thomson Reuters LIBOR01 Page (or any successor page) at the relevant time the LIBO Rate shall be the Historic Screen Rate or, if it is not possible to calculate an Historic Screen Rate, it shall be the rate per annum certified by the Facility Agent to be the average of the rates quoted by the Reference Banks as the rate at which each of the Reference Banks was (or would have been) offered deposits of Dollars by prime banks in the London interbank market in an amount approximately equal to the amount of the Loan and for a period of six months;
- b) for the purposes of determining the post-maturity rate of interest under Section 3.3.4, the LIBO Rate shall be determined by reference to deposits on an overnight or call basis or for such other period or periods as the Facility Agent may determine after consultation with the Lenders, which period shall be no longer than one month unless the Borrower otherwise agrees; and
- c) if that rate is less than zero, the LIBO Rate shall be deemed to be zero.

“Lien” means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property to secure payment of a debt or performance of an obligation or other priority or preferential arrangement of any kind or nature whatsoever.

“Lien Basket Amount” is defined in Section 7.2.3 b).

“Loan” means the advances made by the Lenders under this Agreement from time to time or, as the case may be, the aggregate outstanding amount of such advances from time to time.

“Loan Documents” means this Agreement, the Novation Agreement, the Fee Letters and the Escrow Account Security.

“Loan Request” means the loan request and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit A hereto.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations or financial condition of the Borrower and its Subsidiaries taken as a whole, (b) the rights and remedies of the Facility Agent or any Lender under the Loan Documents or (c) the ability of the Borrower to perform its payment Obligations under the Loan Documents.

“Material Litigation” is defined in Section 6.7.

“Maximum Loan Amount” is defined in the preamble.

“Moody’s” means Moody’s Investors Service, Inc.

“Natixis” means Natixis, a French *société anonyme* with its registered office at 30, avenue Pierre Mendès France, 75013 Paris, France, registered with the Paris Commercial and Companies Registry under number 542 044 524 RCS Paris.

“Natixis DAI” means Natixis DAI *Direction des Activités Institutionnelles*.

“Net Debt” means, at any time, the aggregate outstanding principal amount of all debt (including, without limitation, the principal portion of all capitalized leases) of the Borrower and its Subsidiaries (determined on a consolidated basis in accordance with GAAP) less the sum of (without duplication);

- a) all cash on hand of the Borrower and its Subsidiaries; plus
- b) all Cash Equivalents.

“Net Debt to Capitalization Ratio” means, as at any date, the ratio of (a) Net Debt on such date to (b) Capitalization on such date.

“New Financings” means proceeds from:

- a) borrowed money (whether by loan or issuance and sale of debt securities), including drawings under this Agreement and any revolving credit facilities of the Borrower, and
- b) the issuance and sale of equity securities.

“Non-Yard Costs” has the meaning assigned to “NYC Allowance” in Article II.1 of the Construction Contract and, when such expression is prefaced by the word “incurred”, shall mean such amount of the Non-Yard Costs, not exceeding EUR76,000,000 and when aggregated with the Other Basic Contract Price Increases in an amount not exceeding EUR68,300,000, as shall at the relevant time have been paid, or become payable, to the Builder by the Borrower under the Construction Contract as part of the Contract Price.

“Nordea Agreement” means the U.S. \$1,150,000,000 amended and restated credit agreement dated as of October 12, 2017, among the Borrower, as the borrower, the various financial institutions as are or shall become parties thereto and Nordea Bank AB (publ), New York Branch as administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“Novated Loan Balance” is as defined in the Novation Agreement.

“Novation Agreement” means the novation agreement dated 22 June 2016 (as amended) and made between the Original Borrower and the parties hereto pursuant to which (amongst other things) this Agreement was novated, amended and restated.

“NYC Cut Off Date” means the date falling 60 days after the Actual Delivery Date or such later date as the Lenders (with the approval of BpiFAE) may agree.

“Obligations” means all obligations (payment or otherwise) of the Borrower arising under or in connection with this Agreement.

“Option Period” is defined in Section 3.2(c).

“Organic Document” means, relative to the Borrower, its articles of incorporation (inclusive of any articles of amendment to its articles of incorporation) and its by-laws.

“Original Borrower” means Azairemia Finance Limited of Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

“Other Basic Contract Price Increases” is defined in the Novation Agreement.

“Paid Non-Yard Costs” means as at any relevant date, the amount in Euro of the Non-Yard Costs which have been paid for by the Borrower and, where applicable, supplied, installed and completed on the Purchased Vessel and as determined in accordance with the relevant amounts certified in the Delivery Non-Yard Costs Certificate or, as the case may be, the Final Non-Yard Costs Certificate as at such time.

“Participant” is defined in Section 11.11.2.

“Participant Register” is defined in Section 11.11.2.

“Percentage” means, relative to any Lender, the percentage set forth opposite its signature hereto or as set out in the applicable Lender Assignment Agreement, as such percentage may be adjusted from time to time pursuant to Section 4.9 or pursuant to Lender Assignment Agreement(s) executed by such Lender and its Assignee Lender(s) and delivered pursuant to Section 11.11.1.

“Person” means any natural person, corporation, limited liability company, partnership, firm, association, trust, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

“Prepayment Event” is defined in Section 9.1.

“Principal Subsidiary” means any Subsidiary of the Borrower that owns a Vessel.

“Purchased Vessel” is defined in the preamble.

“Receivable Purchase Agreement” is as defined in the Novation Agreement.

“Reference Banks” means Société Générale and Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch and such other Lender as shall be so named by the Borrower and agrees to serve in such role and each additional Reference Bank and/or each replacement Reference Bank appointed by the Facility Agent pursuant to Section 3.3.6.

“Register” is defined in Section 11.11.3.

“Repayment Date” means, subject to Section 4.8(c), each of the dates for payment of the repayment installments of the Loan pursuant to Section 3.1.

“Required Lenders” means, at any time, Lenders that in the aggregate, hold more than 50% of the aggregate unpaid principal amount of the Loan or, if no such principal amount is then outstanding, Lenders that in the aggregate have more than 50% of the Commitments.

“Restatement Date” means 5 October 2018, being the date on which the form of this Agreement was amended and restated.

“S&P” means Standard & Poor’s Financial Services LLC, a wholly-owned subsidiary of The McGraw-Hill Financial Inc.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom.

“Sanctioned Country” means, at any time, a country, region or territory which is itself the subject or target of any Sanctions.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union or any European Union member state, or any person owned or controlled by any such Person or Persons, or (b) any Person operating, organized or resident in a Sanctioned Country.

“SEC” means the United States Securities and Exchange Commission and any successor thereto.

“Security Trustee” means Citicorp Trustee Company Limited of Citigroup Centre, Canada Square, London E14 5LB in its capacity as security trustee for the purpose of the Escrow Account Security.

“Senior Debt Rating” means, as of any date, (a) the implied senior debt rating of the Borrower for debt pari passu in right of payment and in right of collateral security with the Obligations as given by Moody’s and S&P or (b) in the event the Borrower receives an actual unsecured senior debt rating (apart from an implied rating) from Moody’s and/or S&P, such actual rating or ratings, as the case may be (and in such case the Senior Debt Rating shall not be determined by reference to any implied senior debt rating from either agency).

“SFIL” means SFIL, a French société anonyme with is registered office at 1-3 rue du Passeur de Boulogne, 92130 Issy-les-Moulineaux, France, registered at the trade and companies registry of Nanterre under number 428 782 585.

“Signing Date” means the date of the Novation Agreement.

“Spot Rate of Exchange” means, for the purposes of determining an equivalent amount in EUR of Dollars on any relevant date, the FX Rate EUR/USD (published on the basis of the 1:00pm London BFIX rate) two (2) Business Days before that date.

“Steel Price Adjustment Excess” is as defined in the Novation Agreement.

“Stockholders’ Equity” means, as at any date, the Borrower’s stockholders’ equity on such date, excluding Accumulated Other Comprehensive Income (Loss), determined in accordance with GAAP, provided that any non-cash charge to Stockholders’ Equity resulting (directly or indirectly) from a change after the Signing Date in GAAP or in the interpretation thereof shall be disregarded in the computation of Stockholders’ Equity such that the amount of any reduction thereof resulting from such change shall be added back to Stockholders’ Equity.

“Subsidiary” means, with respect to any Person, any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person.

“Unpaid Non-Yard Costs” means, as at the Actual Delivery Date, the amount in Euro of the Non-Yard Costs which have not been paid for by the Borrower and/or where applicable, supplied, installed and completed on the Purchased Vessel as at the Actual Delivery Date and as determined in accordance with the relevant amounts certified in the Delivery Non-Yard Costs Certificate.

“US Dollar Equivalent” means (i) for all EUR amounts payable in respect of the Additional Advances for the amount of the Non-Yard Costs or the Other Basic Contract Price Increases referred to in clause 5.2(a) of the Novation Agreement or the Steel Price Adjustment Excess referred to in clause 5.2(b) of the Novation Agreement (and disregarding for the purposes of this definition that the Additional Advance in respect of such amounts shall be drawn in Dollars), such EUR amounts converted to a corresponding Dollar amount at the Weighted Average Rate of Exchange and (ii) for the EUR amount payable in respect of the Additional Advance for the BpiFAE Premium referred to in clause 5.2(c) of the Novation Agreement, and for the calculation and payment of the Novated Loan Balance (as defined in the Novation Agreement), the amount thereof in EUR converted to a corresponding Dollar amount as determined by the Facility Agent on the basis of the Spot Rate of Exchange. The US Dollar Equivalent of the Maximum Loan Amount shall be calculated by the Borrower in consultation with the Facility Agent no less than two (2) Business Days prior to the proposed Actual Delivery Date.

“United States” or “U.S.” means the United States of America, its fifty States and the District of Columbia.

“Vessel” means a passenger cruise vessel owned by the Borrower or one of its Subsidiaries.

“Weighted Average Rate of Exchange” means the weighted average rate of exchange that the Borrower has agreed, either in the spot or forward currency markets, to pay its counterparties for the purchase of the relevant amounts of euro with Dollars for the payment of the euro amount of the Contract Price (including the portion thereof comprising the change orders, any Other Basic Contract Price Increases, the Steel Price Adjustment Excess and the Non-Yard Costs) and including in such weighted average calculation (a) the NYC Applicable Rate (as defined in the Novation Agreement) in relation to the portion of the Contract Price comprising the Non-Yard Costs and (b) the spot rates for any other euro amounts that have not been hedged by the Borrower.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SECTION 1.2. Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall, when capitalized, have such meanings when used in the Loan Request and each notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

SECTION 1.3. Cross-References. Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4. Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder (including under Section 7.2.4) shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared, in accordance with United States generally accepted accounting principles (“GAAP”) consistently applied (or, if not consistently applied, accompanied by details of the inconsistencies); provided that if the Borrower elects to apply or is required to apply International Financial Reporting Standards (“IFRS”) accounting principles in lieu of GAAP, upon any such election and notice to the Facility Agent, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in this Agreement); provided further that if, as a result of (i) any change in GAAP or IFRS or in the interpretation thereof or (ii) the application by the Borrower of IFRS in lieu of GAAP, in each case, after the date of the financial statements referred to in Section 6.15, there is a change in the manner of determining any of the items referred to herein or thereunder that are to be determined by reference to GAAP, and the effect of such change would (in the reasonable opinion of the Borrower or the Facility Agent) be such as to affect the basis or efficacy of the financial covenants contained in Section 7.2.4 in ascertaining the consolidated financial condition of the Borrower and its Subsidiaries and the Borrower notifies the Facility Agent that the Borrower requests an amendment to any provision hereof to eliminate such change occurring after the date hereof in GAAP or the application thereof on the operation of such provision (or if the Facility Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such

purpose), then such item shall for the purposes of Section 7.2.4 continue to be determined in accordance with GAAP relating thereto as if GAAP were applied immediately prior to such change in GAAP or in the interpretation thereof until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding the foregoing, all obligations of any person that are or would be characterized as operating lease obligations in accordance with GAAP on the Restatement Date (whether or not such operating lease obligations were in effect on such date) shall continue to be accounted for as operating lease obligations for the purposes of this Agreement regardless of any change in GAAP following the Restatement Date that would otherwise require such obligations to be recharacterized (on a prospective or retroactive basis or otherwise) as capital leases.

ARTICLE II

COMMITMENTS AND BORROWING PROCEDURES

SECTION 2.1. Commitment. On the terms and subject to the conditions of this Agreement (including Article V), each Lender severally agrees to make its portion of the Loan pursuant to its Commitment described in Section 2.2. No Lender's obligation to make its portion of the Loan shall be affected by any other Lender's failure to make its portion of the Loan.

SECTION 2.2. Commitment of the Lenders; Termination and Reduction of Commitments.

- a) Each Lender will make its portion of the Loan available to the Borrower in accordance with Section 2.3 on the Actual Delivery Date. The commitment of each Lender described in this Section 2.2 (herein referred to as its "Commitment") shall be the commitment of such Lender to make available to the Borrower its portion of the Loan hereunder expressed as the initial amount set forth opposite such Lender's name on its signature page attached hereto or, in the case of any Lender that becomes a Lender pursuant to an assignment pursuant to Section 11.11.1, the amount set forth as such Lender's Commitment in the related Lender Assignment Agreement, in each case as such amount may be reduced from time to time pursuant clause 10.2 of the Novation Agreement or reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 11.11.1. Notwithstanding the foregoing, each Lender's Commitment shall terminate on the earlier of (i) the Commitment Termination Date if the Purchased Vessel is not delivered prior to such date and (ii) the Actual Delivery Date.
- b) If any Lender shall default in its obligations under Section 2.1, the Facility Agent shall, at the request of the Borrower, use reasonable efforts to assist the Borrower in finding a bank or financial institution acceptable to the Borrower to replace such Lender.

SECTION 2.3. Borrowing Procedure.

- a) Part of the Loan in an amount equal to the Novated Loan Balance shall be assumed by the Borrower and be deemed to be advanced to, and borrowed by the Borrower, pursuant to the provisions of clause 3 of the Novation Agreement and thereafter converted into Dollars pursuant to clause 5.1 of the Novation Agreement.

- b) In relation to the amount of the Loan comprised by the Additional Advances, the Borrower shall deliver a Loan Request and the documents required to be delivered pursuant to Section 5.1.1(a) to the Facility Agent on or before 4:00 p.m., London time, not less than two (2) Business Days prior to the anticipated Actual Delivery Date. The Additional Advances shall be drawn in Dollars.
- c) The Facility Agent shall promptly notify each Lender of the Loan Request in respect of the Additional Advances by forwarding a copy thereof to each Lender, together with its attachments. On the terms and subject to the conditions of this Agreement, the portion of the Loan in respect of the Additional Advances shall be made on the Actual Delivery Date. On or before 11:00 a.m., London time, on the Actual Delivery Date, the Lenders shall, without any set-off or counterclaim, deposit with the Facility Agent same day funds in an amount equal to such Lender's Percentage of the requested portion of the Additional Advances in Dollars. Such deposits will be made to such account which the Facility Agent shall specify from time to time by notice to the Lenders. To the extent funds are so received from the Lenders (and having regard, where applicable, to Sections 2.3 d), e) and f) below), the Facility Agent shall, without any set-off or counterclaim, make such funds available to the Borrower on the Actual Delivery Date by wire transfer of same day funds to the accounts the Borrower shall have specified in its Loan Request.
- d) If the Borrower elects to finance that part of the BpiFAE Premium payable by the Borrower with an Additional Advance under clause 5.2(c)(i) of the Novation Agreement, the Borrower shall indicate such election in the Loan Request. The amount of the advance in Dollars (the "US Dollar BpiFAE Advance Amount") that will fund the BpiFAE Premium shall be equal to the Dollar amount that corresponds to the EUR amount of the BpiFAE Premium to be financed with such advance, which amount shall be determined by the Facility Agent based on the Spot Rate of Exchange. The Facility Agent shall notify the Borrower and the Lenders of the US Dollar BpiFAE Advance Amount on the date such Loan Request is delivered, and the Lenders shall deposit such US Dollar BpiFAE Advance Amount with the Facility Agent in accordance with Section 2.3.c). The Facility Agent shall furnish a certificate to the Borrower on the date such Loan Request is delivered setting forth such Spot Rate of Exchange, its derivation and the calculation of the US Dollar BpiFAE Advance Amount. If the Borrower elects to so finance the BpiFAE Premium, the Borrower will be deemed to have directed the Facility Agent to pay over directly to BpiFAE on behalf of the Borrower that portion of the EUR amount of the BpiFAE Premium to be financed with the proceeds of the advance on the Actual Delivery Date and to retain for its own account deposits made by the Lenders in Dollars in an amount equal to the portion of the US Dollar BpiFAE Advance Amount attributable to the BpiFAE Premium paid by the Facility Agent to BpiFAE on behalf of the Borrower.
- e) If the Borrower elects to finance that part of the BpiFAE Premium payable by the Borrower with an Additional Advance under clause 5.2(b)(ii) of the Novation Agreement, the Borrower shall indicate such election in the Loan Request (and whether it wishes to receive such amount in EUR or in Dollars). The amount of the advance in Dollars (the "US Dollar BpiFAE Balance Amount") that will fund the BpiFAE Premium shall be equal to the Dollar amount that corresponds to the EUR

amount of the BpiFAE Premium to be financed with such advance, which amount shall be determined by the Facility Agent based on the Spot Rate of Exchange. The Facility Agent shall notify the Borrower and the Lenders of the US Dollar BpiFAE Balance Amount on the date such Loan Request is delivered, and the Lenders shall deposit such US Dollar BpiFAE Balance Amount with the Facility Agent in accordance with Section 2.3.c. The Facility Agent shall furnish a certificate to the Borrower on the date such Loan Request is delivered setting forth such Spot Rate of Exchange, its derivation and the calculation of the US Dollar BpiFAE Balance Amount. If the Borrower elects to so finance the BpiFAE Premium and receive the proceeds in EUR, the Borrower will be deemed to have directed the Facility Agent to pay over to the Borrower or, if the Borrower so requires in a Loan Request, directly to the Builder on behalf of the Borrower that portion of the EUR amount of the BpiFAE Premium to be financed with the proceeds of the advance on the Actual Delivery Date and to retain for its own account deposits made by the Lenders in Dollars in an amount equal to the US Dollar BpiFAE Balance Amount.

- f) In relation to any Additional Advance that is to be advanced to the Borrower in respect of the Non-Yard Costs it is agreed that:
- i) an amount equal to the US Dollar Equivalent of eighty per cent (80%) of the Paid Non-Yard Costs shall be advanced to the Borrower on the Actual Delivery Date in accordance with the provisions of Section 2.3.c, which amount shall be determined by the Facility Agent based on the amounts contained in the Delivery Non-Yard Costs Certificate; and
 - ii) an amount equal to the US Dollar Equivalent of eighty per cent (80%) of the Unpaid Non-Yard Costs, which amount shall be determined by the Facility Agent based on the amounts contained in the Delivery Non-Yard Costs Certificate (the "Escrow Amount"), shall be remitted by the Facility Agent (and the Borrower hereby instructs the Facility Agent to make such remittance) to the Escrow Account and such amount shall be regulated in accordance with the following provisions of this Section 2.3.f and the Escrow Account Security,

subject to the aggregate of the amounts referred to in i) and ii) above not exceeding the Maximum Non-Yard Costs Amount.

Where an Escrow Amount payment is made to the Escrow Account pursuant to ii) above, the Borrower shall be entitled at any time prior to the NYC Cut Off Date to provide the Facility Agent with the Final Non-Yard Cost Certificate setting out the final amount of the Paid Non-Yard Costs. Where the Final Non-Yard Costs Certificate is so received by the Facility Agent, the Facility Agent shall determine promptly the final EUR amount of the Paid Non-Yard Costs based on the amounts contained in the Final Non-Yard Costs Certificate and the US Dollar Equivalent of such EUR amount and within one Business Day thereafter shall authorize the release of the Escrow Amount (or, if less, an amount equal to the US Dollar Equivalent of eighty per cent of the Final Paid Non-Yard Costs (as determined above) less the amount previously advanced to the Borrower under i) above) to the Borrower. Any interest accruing on the Escrow Account shall be released to the Borrower at the same

time as the release of the Escrow Amount (or, if applicable, part thereof) to the Borrower pursuant to this provision.

If any amount of the Escrow Amount remains on the Escrow Account on the day falling immediately after the NYC Cut Off Date (having regard to any applicable permitted release of moneys from the Escrow Account to the Borrower referred to above) then on the Business Day thereafter the Facility Agent shall be entitled to request the withdrawal of that amount from the Escrow Account and shall apply the amount so received, on behalf of the Borrower, in or towards prepayment of the Loan.

The basis on which the Escrow Account Security is held by the Security Trustee for the benefit of the Lenders is regulated under the agency and trust deed dated 22 June 2016 (as amended and restated and as acceded to by the Borrower) between the parties to this Agreement and the Security Trustee.

SECTION 2.4. Funding. Each Lender may, if it so elects, fulfill its obligation to make or continue its portion of the Loan hereunder by causing a branch or Affiliate (or an international banking facility created by such Lender) other than that indicated next to its signature to this Agreement or, as the case may be, in the relevant Lender Assignment Agreement, to make or maintain such portion of the Loan; provided that such portion of the Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such portion of the Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility; provided, further, that the Borrower shall not be required to pay any amount under Sections 4.2(c), 4.3, 4.4, 4.5, 4.6 and 4.7 that is greater than the amount which it would have been required to pay had the Lender not caused such branch or Affiliate (or international banking facility) to make or maintain such portion of the Loan.

ARTICLE III

REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1. Repayments.

- a) The Borrower shall repay the Loan in 24 equal semi-annual installments, with the first installment to fall due on the date falling six (6) months after the Actual Delivery Date and the final installment to fall due on the date of Final Maturity.
- b) No such amounts repaid by the Borrower pursuant to this Section 3.1 may be re-borrowed under the terms of this Agreement.

SECTION 3.2. Prepayment.

- a) The Borrower
 - i) may, from time to time on any Business Day, make a voluntary prepayment, in whole or in part, of the outstanding principal amount of the Loan; provided that:

- (A) all such voluntary prepayments shall require at least five (5) Business Days' prior written notice to the Facility Agent; and
 - (B) all such voluntary partial prepayments shall be in an aggregate minimum amount of \$10,000,000 and a multiple of \$1,000,000 (or in the remaining amount of the Loan) and shall be applied in inverse order of maturity or ratably among all remaining installments, as the Borrower shall designate to the Facility Agent, in satisfaction of the remaining repayment installments of the Loan; and
- ii) shall, immediately upon any acceleration of the repayment of the installments of the Loan pursuant to Section 8.2 or 8.3 or the mandatory prepayment of the Loan pursuant to Section 9.2, repay the Loan.
- b) If it becomes unlawful in any jurisdiction for any Lender to perform any of its obligations under the Loan Documents or to maintain or fund its portion of the Loan, the affected Lender may give written notice (the "Illegality Notice") to the Borrower and the Facility Agent of such event, including reasonable details of the relevant circumstances.
- c) If an affected Lender delivers an Illegality Notice, the Borrower, the Facility Agent and the affected Lender shall discuss in good faith (but without obligation) what steps may be open to the relevant Lender to mitigate or remove such circumstances but, if they are unable to agree such steps within 20 Business Days or if the Borrower so elects, the Borrower shall have the right, but not the obligation, exercisable at any time within 50 days after receipt of such Illegality Notice or, if earlier, the date upon which the unlawful event referred to in (b) above will apply (but not being a date falling earlier than the end of the 20 Business Day period referred to above) (the "Option Period"), either (1) to prepay the portion of the Loan held by such Lender in full on or before the expiry of the Option Period, together with all unpaid interest and fees thereon accrued to but excluding the date of such prepayment, or (2) to replace such Lender on or before the expiry of the Option Period with one or more financial institutions (I) acceptable to the Facility Agent (such consent not to be unreasonably withheld or delayed) and (II) where relevant, eligible to benefit from an Interest Stabilisation Agreement, pursuant to assignment(s) notified to and consented in writing by BpiFAE and, where relevant Natixis DAI, provided that (x) in the case of a single assignment, any such assignment shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or, in the case of more than one assignment, an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that collectively cover all of the rights and obligations of the assigning Lender under this Agreement and (y) no Lender shall be obliged to make any such assignment as a result of an election by the Borrower pursuant to this Section 3.2(c) unless and until such Lender shall have received one or more payments from one or more Assignee Lenders and/or the Borrower in an aggregate amount at least equal to the portion of the Loan held by such Lender, together with all unpaid interest and fees thereon accrued to but excluding the date of such assignment (and all other amounts then owing to such Lender under this Agreement).

Each prepayment of the Loan made pursuant to this Section shall be without premium or penalty, except as may be required by Section 4.4. No amounts prepaid by the Borrower may be re-borrowed under the terms of this Agreement.

SECTION 3.3. Interest Provisions. Interest on the outstanding principal amount of the Loan shall accrue and be payable in accordance with this Section 3.3.

SECTION 3.3.1. Rates. The Loan shall accrue interest from the Actual Delivery Date to the date of repayment or prepayment of the Loan in full to the Lenders at the Fixed Rate or, where the proviso to Section 5.1.10 applies, the Floating Rate. Interest calculated at the Fixed Rate or the Floating Rate shall be payable semi-annually in arrears on each Repayment Date. The Loan shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to the Loan. All interest shall be calculated on the basis of the actual number of days elapsed over a year comprised of 360 days.

SECTION 3.3.2. [Intentionally omitted]

SECTION 3.3.3. Interest stabilisation. Each Lender who is a party hereto on the Restatement Date represents and warrants to the Borrower that it has entered into an Interest Stabilisation Agreement and any Lender not a party hereto on the Restatement Date (other than BpiFAE or CAFFIL as assignee of all or any of SFIL's rights as Lender following the enforcement of the security granted pursuant to paragraph (iv) of Section 11.11.1 in connection with the BpiFAE Enhanced Guarantee, subject as provided in Section 11.11.1(iv)) represents and warrants to the Borrower on the date that such Lender becomes a party hereto that it has entered into an Interest Stabilisation Agreement on or prior to becoming a party hereto.

SECTION 3.3.4. Post-Maturity Rates. After the date any principal amount of the Loan is due and payable (whether on any Repayment Date, upon acceleration or otherwise), or after any other monetary Obligation of the Borrower shall have become due and payable, the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on such amounts for each day during the period of such default at a rate per annum certified by the Facility Agent to the Borrower (which certification shall be conclusive in the absence of manifest error) to be equal to the sum of the Floating Rate plus 1.5% per annum.

SECTION 3.3.5. Payment Dates. Interest accrued on the Loan shall be payable, without duplication, on the earliest of:

- a) each Interest Payment Date;
- b) each Repayment Date;
- c) the date of any prepayment, in whole or in part, of principal outstanding on the Loan (but only on the principal so prepaid); and
- d) on that portion of the Loan the repayment of which is accelerated pursuant to Section 8.2 or Section 8.3, immediately upon such acceleration.

SECTION 3.3.6. Interest Rate Determination; Replacement Reference Banks. Where Section 3.3.4 or the Floating Rate applies, the Facility Agent shall obtain from each Reference Bank timely information for the purpose of determining the LIBO Rate in the event that no offered quotation appears on Thomson Reuters LIBOR01 Page (or any successor page) and the LIBO Rate is to be determined by reference to quotations supplied by the Reference Banks and not by reference to the Historic Screen Rate. If any one or more of the Reference Banks shall fail to furnish in a timely manner such information to the Facility Agent for any such interest rate, the Facility Agent shall determine such interest rate on the basis of the information furnished by the remaining Reference Banks. If the Borrower elects to add an additional Reference Bank hereunder or a Reference Bank ceases for any reason to be able and willing to act as such, the Facility Agent shall, at the direction of the Required Lenders and after consultation with the Borrower and the Lenders, appoint a replacement for such Reference Bank reasonably acceptable to the Borrower, and such replaced Reference Bank shall cease to be a Reference Bank hereunder. The Facility Agent shall furnish to the Borrower and to the Lenders each determination of the LIBO Rate made by reference to quotations of interest rates furnished by Reference Banks (it being understood that the Facility Agent shall not be required to disclose to any party hereto (other than the Borrower) any information regarding any Reference Bank or any rate quoted by a Reference Bank, including, without limitation, whether a Reference Bank has provided a rate or the rate provided by any individual Reference Bank).

Interest accrued on the Loan or other monetary Obligations arising under this Agreement or any other Loan Document after the date such amount is due and payable (whether upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.4. Commitment Fees. Subject to clause 10.1 of the Novation Agreement, the Borrower agrees to pay to the Facility Agent for the account of each Lender a commitment fee (the "Commitment Fee") on its daily unused portion of Maximum Loan Amount (as such amount may be adjusted from time to time), for the period commencing on the Signing Date and continuing through the earliest to occur (the "Commitment Fee Termination Date") of (i) the Actual Delivery Date, (ii) the date upon which the Facility Agent has provided the Borrower with written notice that the Lenders will not advance the Loan because the Commitments have been terminated pursuant to Section 8.2 or 8.3, (iii) the Commitment Termination Date and (iv) the date the Commitments shall have been terminated in full pursuant to clause 10.2 of the Novation Agreement.

SECTION 3.4.1. Payment. The Commitment Fee shall be payable by the Borrower to the Facility Agent for the account of each Lender six-monthly in arrears, with the first such payment (the "First Commitment Fee Payment") to be made on the day falling six months following the Signing Date and the final such payment to be made on the Commitment Fee Termination Date (each date on which a Commitment Fee payment is required to be made in accordance with this Section 3.4.1 referred to herein as a "Commitment Fee Payment Date"). The Commitment Fee shall be in the amount in EUR equal to the product of the Applicable Commitment Rate, multiplied by, for each day elapsed since the preceding Commitment Fee Payment Date (or, in the case of the First Commitment Fee Payment, the Signing Date), 75% of the Maximum Loan Amount, divided by 360 days.

SECTION 3.5. Other Fees. The Borrower agrees to pay to the Facility Agent the agreed-upon fees set forth in the Fee Letters on the dates and in the amounts set forth therein.

ARTICLE IV

CERTAIN LIBO RATE AND OTHER PROVISIONS

SECTION 4.1. LIBO Rate Lending Unlawful. If after the Signing Date the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority having jurisdiction over such Lender asserts that it is unlawful for such Lender to make, continue or maintain its portion of the Loan where the relevant Lender has funded itself in the interbank market at a rate based on the LIBO Rate, the obligation of such Lender to make, continue or maintain its portion of the Loan shall, upon notice thereof to the Borrower, the Facility Agent and each other Lender, forthwith be suspended until the circumstances causing such suspension no longer exist, provided that such Lender's obligation to make, continue and maintain its portion of the Loan hereunder shall be automatically converted into an obligation to make, continue and maintain its portion of the Loan bearing interest at a rate to be negotiated between such Lender and the Borrower that is the equivalent of the sum of the LIBO Rate for the relevant Interest Period plus the Floating Rate Margin.

SECTION 4.2. Deposits Unavailable. If any Lender has funded itself in the interbank market and the Facility Agent shall have determined that:

- a) Dollar deposits in the relevant amount and for the relevant Interest Period are not available to each Reference Bank in its relevant market, or
- b) by reason of circumstances affecting the Reference Banks' relevant markets, adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBO Rate loans for the relevant Interest Period, or
- c) the cost to Lenders that in the aggregate hold more than 50% of the aggregate outstanding principal amount of the Loan then held by Lenders of obtaining matching deposits in the relevant interbank market for the relevant Interest Period would be in excess of the LIBO Rate (provided, that no Lender may exercise its rights under this Section 4.2.c) for amounts up to the difference between such Lender's cost of obtaining matching deposits on the date such Lender becomes a Lender hereunder less the LIBO Rate on such date),

then the Facility Agent shall give notice of such determination (hereinafter called a "Determination Notice") to the Borrower and each of the Lenders. The Borrower, the Lenders and the Facility Agent shall then negotiate in good faith in order to agree upon a mutually satisfactory interest rate and interest period (or interest periods) to be substituted for those which would otherwise have applied under this Agreement. If the Borrower, the Lenders and the Facility Agent are unable to agree upon an interest rate (or rates) and interest period (or interest periods) prior to the date occurring fifteen (15) Business Days after the giving of such Determination Notice, the Facility Agent shall (after consultation with the Lenders) set an interest rate and an interest period (or interest periods), in each case to take

effect at the end of the Interest Period current at the date of the Determination Notice, which rate (or rates) shall be equal to the sum of the Floating Rate Margin and the weighted average of the corresponding interest rates at or about 11:00 a.m. (London time) two (2) Business Days before the commencement of the relevant Interest Period on Thomson Reuters' pages KLIEMMM, GARBIC01 and FINA01 (or such other pages as may replace Thomson Reuters' pages KLIEMMM, GARBIC01 or FINA01 on Thomson Reuters' service) (or, in the case of clause (c) above, the lesser of (x) the respective cost to the Lenders of funding the respective portions of the Loan held by the Lenders and (y) such weighted average). The Facility Agent shall furnish a certificate to the Borrower as soon as reasonably practicable after the Facility Agent has given such Determination Notice setting forth such rate(s). In the event that the circumstances described in this Section 4.2 shall extend beyond the end of an interest period agreed or set pursuant hereto, the foregoing procedure shall be repeated as often as may be necessary.

SECTION 4.3. Increased LIBO Rate Loan Costs, etc. If after the Signing Date a change in any applicable treaty, law, regulation or regulatory requirement or in the interpretation thereof or in its application to the Borrower, or if compliance by any Lender with any applicable direction, request, requirement or guideline (whether or not having the force of law) of any governmental or other authority including, without limitation, any agency of the European Union or similar monetary or multinational authority insofar as it may be changed or imposed after the date hereof, shall:

- a) subject any Lender to any taxes, levies, duties, charges, fees, deductions or withholdings of any nature with respect to its portion of the Loan or any part thereof imposed, levied, collected, withheld or assessed by any jurisdiction or any political subdivision or taxing authority thereof (other than taxation on overall net income and, to the extent such taxes are described in Section 4.6, withholding taxes); or
- b) change the basis of taxation to any Lender (other than a change in taxation on the overall net income of any Lender) of payments of principal or interest or any other payment due or to become due pursuant to this Agreement; or
- c) impose, modify or deem applicable any reserve or capital adequacy requirements (other than the increased capital costs described in Section 4.5 and the reserve costs described in Section 4.7) or other banking or monetary controls or requirements which affect the manner in which a Lender shall allocate its capital resources to its obligations hereunder or require the making of any special deposits against or in respect of any assets or liabilities of, deposits with or for the account of, or loans by, any Lender (provided that such Lender shall, unless prohibited by law, allocate its capital resources to its obligations hereunder in a manner which is consistent with its present treatment of the allocation of its capital resources); or
- d) impose on any Lender any other condition affecting its portion of the Loan or any part thereof,

and the result of any of the foregoing is either (i) to increase the cost to such Lender of making its portion of the Loan or maintaining its portion of the Loan or any part thereof, (ii)

to reduce the amount of any payment received by such Lender or its effective return hereunder or on its capital or (iii) to cause such Lender to make any payment or to forego any return based on any amount received or receivable by such Lender hereunder, then and in any such case if such increase or reduction in the opinion of such Lender materially affects the interests of such Lender, (A) such Lender shall (through the Facility Agent) notify the Borrower of the occurrence of such event and use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and the terms of the BpiFAE Insurance Policy and (if the Fixed Rate applies) the arrangements with Natixis DAI relating to the CIRR) to designate a different Lending Office if the making of such a designation would avoid the effects of such law, regulation or regulatory requirement or any change therein or in the interpretation thereof and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender and (B) the Borrower shall forthwith upon such demand pay to the Facility Agent for the account of such Lender such amount as is necessary to compensate such Lender for such additional cost or such reduction and ancillary expenses, including taxes, incurred as a result of such adjustment. Such notice shall (i) describe in reasonable detail the event leading to such additional cost, together with the approximate date of the effectiveness thereof, (ii) set forth the amount of such additional cost, (iii) describe the manner in which such amount has been calculated, (iv) certify that the method used to calculate such amount is such Lender's standard method of calculating such amount, (v) certify that such request is consistent with its treatment of other borrowers that are subject to similar provisions, and (vi) certify that, to the best of its knowledge, such change in circumstance is of general application to the commercial banking industry in such Lender's jurisdiction of organization or in the relevant jurisdiction in which such Lender does business. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that in relation to increased costs or reductions arising after the Effective Date the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than three months prior to the date that such Lender notifies the Borrower of the circumstance giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the circumstance giving rise to such increased costs or reductions is retroactive, then the three-month period referred to above shall be extended to include the period of retroactive effect thereof, but not more than six months prior to the date that such Lender notifies the Borrower of the circumstance giving rise to such cost or reductions and of such Lender's intention to claim compensation therefor.

It is acknowledged that the Borrower shall have no liability to compensate any Lender under this Section for amounts of increased costs that accrue before the Effective Time on the Actual Delivery Date (with any such amounts arising before the Effective Time being the responsibility of the Original Borrower).

SECTION 4.4. Funding Losses.

SECTION 4.4.1. Indemnity. In the event any Lender shall incur any loss or expense (for the avoidance of doubt excluding loss of profit) by reason of the liquidation or re-employment (at not less than the market rate) of deposits or other funds acquired by such Lender, to make, continue or maintain any portion of the principal amount of its portion of the Loan as a result of:

- i) any repayment or prepayment or acceleration of the principal amount of such Lender's portion of the Loan, other than any repayment made on the date scheduled for such repayment or (if the Floating Rate applies) any repayment or prepayment or acceleration on a date other than the scheduled last day of an Interest Period or otherwise scheduled date for repayment or payment; or
- ii) the relevant portion of the Loan not being made in accordance with the Loan Request therefor due to the fault of the Borrower or as a result of any of the conditions precedent set forth in clause 6.1(c) of the Novation Agreement and Article V not being satisfied,

(a "Funding Losses Event") then, upon the written notice of such Lender to the Borrower (with a copy to the Facility Agent), the Borrower shall, within three (3) days of its receipt thereof:

- a) if at that time interest is calculated at the Floating Rate on such Lender's portion of the Loan, pay directly to the Facility Agent for the account of such Lender an amount equal to the amount by which:
 - (i) interest calculated at the Floating Rate (excluding the Floating Rate Margin) which such Lender would have received on its share of the amount of the Loan subject to such Funding Losses Event for the period from the date of receipt of any part of its share in the Loan to the last day of the applicable Interest Period,

exceeds:
 - (ii) the amount which such Lender would be able to obtain by placing an amount equal to the amount received by it on deposit with a leading bank in the appropriate interbank market for a period starting on the Business Day following receipt and ending on the last day of the applicable Interest Period; or
- b) if at that time interest is calculated at the Fixed Rate on such Lender's portion of the Loan, pay to the Facility Agent the amount notified to it following the calculation referred to in the next paragraph.

Since the Lenders commit themselves irrevocably to the French Authorities in charge of monitoring the CIRR mechanism, any prepayment (whether voluntary, involuntary or mandatory, including following the acceleration of the Loan) will be subject to the mandatory payment by the Borrower of the amount calculated in liaison with the French Authorities two (2) Business Days prior to the prepayment date by taking into account the differential (the "Rate Differential") between the CIRR and the prevailing market yield (currently ISDAFIX) for each installment to be prepaid and applying such Rate Differential to the remaining residual period of such installment and discounting to the net present value as described below. Each of these Rate Differentials will be applied to the corresponding installment to be prepaid during the period starting on the date on which such prepayment is

required to be made and ending on the original Repayment Date (as adjusted following any previous prepayments) for such installment and:

- (A) the net present value of each corresponding amount resulting from the above calculation will be determined at the corresponding market yield; and
- (B) if the cumulated amount of such present values is negative, no amount shall be due to the Borrower or from the Borrower.

Such written notice shall include calculations in reasonable detail setting forth the loss or expense to such Lender.

SECTION 4.4.2. Exclusion In the event that a Lender's wilful misconduct or gross negligence has caused the loss or cancellation of the BpiFAE Insurance Policy, the Borrower shall not be liable to indemnify that Lender under Section 4.4.1 for its loss or expense arising due to the occurrence of the Prepayment Event referred to in Section 9.1.9.

SECTION 4.5. Increased Capital Costs. If after the Signing Date any change in, or the introduction, adoption, effectiveness, interpretation, re-interpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority increases the amount of capital required to be maintained by any Lender or any Person controlling such Lender, and the rate of return on its or such controlling Person's capital as a consequence of its Commitment or its portion of the Loan made by such Lender is reduced to a level below that which such Lender or such controlling Person would have achieved but for the occurrence of any such change in circumstance, then, in any such case upon notice from time to time by such Lender to the Borrower, the Borrower shall immediately pay directly to such Lender additional amounts sufficient to compensate such Lender or such controlling Person for such reduction in rate of return. Any such notice shall (i) describe in reasonable detail the capital adequacy requirements which have been imposed, together with the approximate date of the effectiveness thereof, (ii) set forth the amount of such lowered return, (iii) describe the manner in which such amount has been calculated, (iv) certify that the method used to calculate such amount is such Lender's standard method of calculating such amount, (v) certify that such request for such additional amounts is consistent with its treatment of other borrowers that are subject to similar provisions and (vi) certify that, to the best of its knowledge, such change in circumstances is of general application to the commercial banking industry in the jurisdictions in which such Lender does business. In determining such amount, such Lender may use any method of averaging and attribution that it shall, subject to the foregoing sentence, deem applicable. Each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and the terms of the BpiFAE Insurance Policy and (if the Fixed Rate applies) the arrangements with Natixis DAI relating to the CIRR) to designate a different Lending Office if the making of such a designation would avoid such reduction in such rate of return and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that in relation to increased costs or reductions arising after the Effective Date the Borrower shall

not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than three months prior to the date that such Lender notifies the Borrower of the circumstance giving rise to such reductions and of such Lender's intention to claim compensation therefor; provided further that, if the circumstance giving rise to such reductions is retroactive, then the three-month period referred to above shall be extended to include the period of retroactive effect thereof, but not more than six months prior to the date that such Lender notifies the Borrower of the circumstance giving rise to such reductions and of such Lender's intention to claim compensation therefor.

It is acknowledged that the Borrower shall have no liability to compensate any Lender under this Section for reduced returns that accrue before the Effective Time on the Actual Delivery Date (with any compensation liability to the Lenders arising before the Effective Time being the responsibility of the Original Borrower).

SECTION 4.6. Taxes. All payments by the Borrower of principal of, and interest on, the Loan and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by any Lender's net income or receipts of such Lender and franchise taxes imposed in lieu of net income taxes or taxes on receipts, by the jurisdiction under the laws of which such Lender is organized or any political subdivision thereof or the jurisdiction of such Lender's Lending Office or any political subdivision thereof or any other jurisdiction unless such net income taxes are imposed solely as a result of the Borrower's activities in such other jurisdiction, and any taxes imposed under FATCA (such non-excluded items being called "Covered Taxes"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Covered Taxes pursuant to any applicable law, rule or regulation, then the Borrower will:

- a) pay directly to the relevant authority the full amount required to be so withheld or deducted;
- b) promptly forward to the Facility Agent an official receipt or other documentation satisfactory to the Facility Agent evidencing such payment to such authority; and
- c) pay to the Facility Agent for the account of the Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by each Lender will equal the full amount such Lender would have received had no such withholding or deduction been required.

Moreover, if any Covered Taxes are directly asserted against the Facility Agent or any Lender with respect to any payment received or paid by the Facility Agent or such Lender hereunder, the Facility Agent or such Lender may pay such Covered Taxes and the Borrower will promptly pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Covered Taxes (including any Covered Taxes on such additional amount) shall equal the amount such person would have received had no such Covered Taxes been asserted.

Any Lender claiming any additional amounts payable pursuant to this Section agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory

restrictions and the terms of the BpiFAE Insurance Policy and (if the Fixed Rate applies) the arrangements with Natixis DAI relating to the CIRR) to change the jurisdiction of its Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

If the Borrower fails to pay any Covered Taxes when due to the appropriate taxing authority or fails to remit to the Facility Agent for the account of the respective Lenders the required receipts or other required documentary evidence, the Borrower shall indemnify the Lenders for any incremental withholding Covered Taxes, interest or penalties that may become payable by any Lender as a result of any such failure (so long as such amount did not become payable as a result of the failure of such Lender to provide timely notice to the Borrower of the assertion of a liability related to the payment of Covered Taxes). For purposes of this Section 4.6, a distribution hereunder by the Facility Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Borrower.

If any Lender is entitled to any refund, credit, deduction or other reduction in tax by reason of any payment made by the Borrower in respect of any Covered Tax under this Section 4.6 or by reason of any payment made by the Borrower pursuant to Section 4.3, such Lender shall use reasonable efforts to obtain such refund, credit, deduction or other reduction and, promptly after receipt thereof, will pay to the Borrower such amount (plus any interest received by such Lender in connection with such refund, credit, deduction or reduction) as is equal to the net after-tax value to such Lender of such part of such refund, credit, deduction or reduction as such Lender reasonably determines is allocable to such Covered Tax or such payment (less out-of-pocket expenses incurred by such Lender), provided that no Lender shall be obligated to disclose to the Borrower any information regarding its tax affairs or tax computations.

Each Lender (and each Participant) agrees with the Borrower and the Facility Agent that it will (i) in the case of a Lender or a Participant organized under the laws of a jurisdiction other than the United States (a) provide to the Facility Agent and the Borrower an appropriately executed copy of Internal Revenue Service Form W-8ECI certifying that any payments made to or for the benefit of such Lender or such Participant are effectively connected with a trade or business in the United States (or alternatively, an Internal Revenue Service Form W-8BEN claiming the benefits of a tax treaty, but only if the applicable treaty described in such form provides for a complete exemption from U.S. federal income tax withholding), or any successor form, on or prior to the date hereof (or, in the case of any assignee Lender or Participant, on or prior to the date of the relevant assignment or participation), in each case attached to an Internal Revenue Service Form W-8IMY, if appropriate, (b) notify the Facility Agent and the Borrower if the certifications made on any form provided pursuant to this paragraph are no longer accurate and true in all material respects and (c) without prejudice to its obligations under Section 4.13, provide such other tax forms or other documents as shall be prescribed by applicable law, if any, or as otherwise reasonably requested, to demonstrate, to the extent applicable, that payments to such Lender Party (or Participant) hereunder are exempt from withholding under FATCA, and (ii) in all cases, provide such forms, certificates or other documents, as and when reasonably requested by the Borrower, necessary to claim any applicable exemption from, or reduction of, Covered Taxes or any payments made to or for benefit of such Lender Party or such Participant, provided that the Lender Party or Participant is legally able to deliver such forms, certificates

or other documents. For any period with respect to which a Lender (or assignee Lender or Participant) has failed to provide the Borrower with the foregoing forms (other than if such failure is due to a change in law occurring after the date on which a form originally was required to be provided (which, in the case of an Assignee Lender, would be the date on which the original assignor was required to provide such form) or if such form otherwise is not required hereunder) such Lender (or assignee Lender or Participant) shall not be entitled to the benefits of this Section 4.6 with respect to Covered Taxes imposed by reason of such failure.

All fees and expenses payable pursuant to Section 11.3 shall be paid together with value added tax or any similar tax (if any) properly chargeable thereon. Any value added tax chargeable in respect of any services supplied by a Lender or an Agent under this Agreement shall, on delivery of the value added tax invoice, be paid in addition to any sum agreed to be paid hereunder.

SECTION 4.7. Reserve Costs. Without in any way limiting the Borrower's obligations under Section 4.3, the Borrower shall, with effect from the Effective Time, pay to the Facility Agent for the account of each Lender on the last day of each Interest Period, so long as the relevant Lending Office of such Lender is required to maintain reserves against "Eurocurrency liabilities" under Regulation D of the F.R.S. Board, upon notice from such Lender, an additional amount equal to the product of the following for the Loan for each day during such Interest Period:

- (i) the principal amount of the Loan outstanding on such day; and
- (ii) the remainder of (x) a fraction the numerator of which is the rate (expressed as a decimal) at which interest accrues on the Loan for such Interest Period as provided in this Agreement (less, if applicable, the Floating Rate Margin) and the denominator of which is one minus any increase after the Signing Date in the effective rate (expressed as a decimal) at which such reserve requirements are imposed on such Lender minus (y) such numerator; and
- (iii) 1/360.

Such notice shall (i) describe in reasonable detail the reserve requirement that has been imposed, together with the approximate date of the effectiveness thereof, (ii) set forth the applicable reserve percentage, (iii) certify that such request is consistent with such Lender's treatment of other borrowers that are subject to similar provisions and (iv) certify that, to the best of its knowledge, such requirements are of general application in the commercial banking industry in the United States.

Each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and the terms of the BpiFAE Insurance Policy and (if the Fixed Rate applies) the arrangements with Natixis DAI relating to the CIRRR) to avoid the requirement of maintaining such reserves (including by designating a different Lending Office) if such efforts would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 4.8. Payments, Computations, etc.

- a) Unless otherwise expressly provided, all payments by the Borrower pursuant to this Agreement or any other Loan Document shall be made by the Borrower to the Facility Agent for the pro rata account of the Lenders entitled to receive such payment. All such payments required to be made to the Facility Agent shall be made, without set-off, deduction or counterclaim, not later than 11:00 a.m., New York time, on the date due, in same day or immediately available funds through the New York Clearing House Interbank Payments System (or such other funds as may be customary for the settlement of international banking transactions in Dollars), to such account as the Facility Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Lenders on the next succeeding Business Day.
- b) Each Lender hereby instructs the Facility Agent, with respect to any portion of the Loan held by such Lender, to pay directly to such Lender interest thereon at the Fixed Rate or (if the proviso to Section 5.1.10 applies) the Floating Rate, on the basis that (if the Fixed Rate applies) such Lender will, where amounts are payable to Natixis by that Lender under the Interest Stabilisation Agreement, account directly to Natixis for any such amounts payable by that Lender under the Interest Stabilisation Agreement to which such Lender is a party.
- c) The Facility Agent shall promptly (but in any event on the same Business Day that the same are received or, as contemplated in clause (a) of this Section, deemed received) remit in same day funds to each Lender its share, if any, of such payments received by the Facility Agent for the account of such Lender without any set-off, deduction or counterclaim. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days. Whenever any payment to be made shall otherwise be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees, if any, in connection with such payment.

SECTION 4.9. Replacement Lenders, etc. If the Borrower shall be required to make any payment to any Lender pursuant to Section 4.2(c), 4.3, 4.4, 4.5, 4.6 or 4.7, the Borrower shall be entitled at any time (so long as no Default and no Prepayment Event shall have occurred and be continuing) within 180 days after receipt of notice from such Lender of such required payment to (a) terminate such Lender's Commitment (where upon the Percentage of each other Lender shall automatically be adjusted to an amount equal to such Lender's ratable share of the remaining Commitments), (b) prepay the affected portion of such Lender's Loan in full, together with accrued interest thereon through the date of such prepayment (provided that the Borrower shall not terminate any Lender's Commitment pursuant to clause (a) or prepay any such Lender pursuant to this clause (b) without replacing such Lender pursuant to the following clause (c) until a 30-day period shall have elapsed during which the Borrower and the Facility Agent shall have attempted in good faith to replace such Lender), and/or (c) replace such Lender with another financial institution reasonably acceptable to the Facility Agent and (if the Fixed Rate applies) Natixis DAI, provided that (i) each such assignment shall be either an assignment of all of the rights and

obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement and (ii) no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section unless and until such Lender shall have received one or more payments from either the Borrower or one or more Assignee Lenders in an aggregate amount at least equal to the aggregate outstanding principal amount of the Loan owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement. Each Lender represents and warrants to the Borrower that, as of the Signing Date (or, with respect to any Lender not a party hereto on the Signing Date, on the date that such Lender becomes a party hereto), there is no existing treaty, law, regulation, regulatory requirement, interpretation, directive, guideline, decision or request pursuant to which such Lender would be entitled to request any payments under any of Sections 4.3, 4.4, 4.5, 4.6 and 4.7 to or for account of such Lender.

SECTION 4.10. Sharing of Payments.

SECTION 4.10.1. Payments to Lenders. If a Lender (a “**Recovering Lender**”) receives or recovers any amount from the Borrower other than in accordance with Section 4.8 (Payments, Computations, etc.) (a “**Recovered Amount**”) and applies that amount to a payment due under the Loan Documents then:

- a) the Recovering Lender shall, within three (3) Business Days, notify details of the receipt or recovery to the Facility Agent;
- b) the Facility Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Lender would have been paid had the receipt or recovery been received or made by the Facility Agent and distributed in accordance with the said Section 4.8, without taking account of any taxes which would be imposed on the Facility Agent in relation to the receipt, recovery or distribution; and
- c) the Recovering Lender shall, within three (3) Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Facility Agent determines may be retained by the Recovering Lender as its share of any payment to be made, in accordance with any applicable provisions of this Agreement.

SECTION 4.10.2. Redistribution of payments. The Facility Agent shall treat the Sharing Payment as if it had been paid by the Borrower and distribute it between the Lenders (other than the Recovering Lender) (the “**Sharing Lenders**”) in accordance with the provisions of this Agreement towards the obligations of the Borrower to the Sharing Lenders.

SECTION 4.10.3. Recovering Lender’s rights. On a distribution by the Facility Agent under Section 4.10.2 of a payment received by a Recovering Lender from the Borrower, as between the Borrower and the Recovering Lender, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by the Borrower.

SECTION 4.10.4. Reversal of redistribution If any part of the Sharing Payment received or recovered by a Recovering Lender becomes repayable and is repaid by that Recovering Lender, then:

- a) each Sharing Lender shall, upon request of the Facility Agent, pay to the Facility Agent for the account of that Recovering Lender an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Lender for its proportion of any interest on the Sharing Payment which that Recovering Lender is required to pay) (the “**Redistributed Amount**”); and
- b) as between the Borrower and each relevant Sharing Lender, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by the Borrower.

SECTION 4.10.5. Exceptions.

- a) This Section 4.10 shall not apply to the extent that the Recovering Lender would not, after making any payment pursuant to this Section 4.10, have a valid and enforceable claim against the Borrower.
- b) A Recovering Lender is not obliged to share with any other Lender any amount which the Recovering Lender has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified the other Lender of the legal or arbitration proceedings; and
 - (ii) the other Lender had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

SECTION 4.11. Set-off. Upon the occurrence and during the continuance of an Event of Default or a Prepayment Event, each Lender shall have, to the extent permitted by applicable law, the right to appropriate and apply to the payment of the Obligations then due and owing to it any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with such Lender; provided that any such appropriation and application shall be subject to the provisions of Section 4.10. Each Lender agrees promptly to notify the Borrower and the Facility Agent after any such set-off and application made by such Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of set-off under applicable law or otherwise) which such Lender may have.

SECTION 4.12. Use of Proceeds. The Borrower shall apply the proceeds of the Loan made available to the Borrower in respect of the Additional Advances for the purpose of making payments of, or reimbursing the Borrower for payments already made for, the amounts referred to in clauses 5.2, 5.3 and/or 5.4 of the Novation Agreement and, without limiting the foregoing, no proceeds of the Loan will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any “margin stock”, as defined in F.R.S. Board Regulation U.

SECTION 4.13. FATCA Information.

- a) Subject to paragraph c) below, each party (other than the Borrower) shall, within ten Business Days of a reasonable request by another party (other than the Borrower):
- (i) confirm to that other party whether it is:
 - (A) a FATCA Exempt Party; or
 - (B) not a FATCA Exempt Party;
 - (ii) supply to that other party such forms, documentation and other information relating to its status under FATCA as that other party reasonably requests for the purposes of that other party's compliance with FATCA;
 - (iii) supply to that other party such forms, documentation and other information relating to its status as that other party reasonably requests for the purposes of that other party's compliance with any other law, regulation, or exchange of information regime.
- b) If a party confirms to another party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that party shall notify that other party reasonably promptly.
- c) Paragraph a) above shall not oblige any Lender or the Facility Agent to do anything, and paragraph a)(iii) above shall not oblige any other party to do anything, which would or might in its reasonable opinion constitute a breach of:
- (i) any law or regulation;
 - (ii) any fiduciary duty; or
 - (iii) any duty of confidentiality.
- d) If a party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such party shall be treated for the purposes of the Loan Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the party in question provides the requested confirmation, forms, documentation or other information.
- e) Each party may make a FATCA Deduction from a payment under this Agreement that it is required to be made by FATCA, and any payment required in connection with that FATCA Deduction, and no party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

SECTION 4.14. Resignation of the Facility Agent. The Facility Agent shall resign (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Facility Agent) if, either:

- a) the Facility Agent fails to respond to a request under Section 4.13 and a Lender reasonably believes that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party;
- b) the information supplied by the Facility Agent pursuant to Section 4.13 indicates that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party; or
- c) the Facility Agent notifies the Lenders that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party;

and (in each case) a Lender reasonably believes that a party to this Agreement will be required to make a FATCA Deduction that would not be required if the Facility Agent were a FATCA Exempt Party, and that Lender, by notice to the Facility Agent, requires it to resign.

ARTICLE V

CONDITIONS TO BORROWING

SECTION 5.1. Advance of the Loan. The obligation of the Lenders to fund the relevant portion of the Loan to be made available on the Actual Delivery Date shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 5.1. The Facility Agent shall advise the Lenders of the satisfaction of the conditions precedent set forth in this Section 5.1 prior to funding on the Actual Delivery Date.

SECTION 5.1.1. Resolutions, etc. The Facility Agent shall have received from the Borrower:

- a) a certificate of its Secretary or Assistant Secretary as to the incumbency and signatures of those of its officers authorized to act with respect to this Agreement and each other Loan Document and as to the truth and completeness of the attached:
 - (x) resolutions of its Board of Directors then in full force and effect authorizing the execution, delivery and performance of this Agreement and each other Loan Document, and
 - (y) Organic Documents of the Borrower,

and upon which certificate the Lenders may conclusively rely until the Facility Agent shall have received a further certificate of the Secretary or Assistant Secretary of the Borrower canceling or amending such prior certificate; and

- b) a Certificate of Good Standing issued by the relevant Liberian authorities in respect of the Borrower.

SECTION 5.1.2. Opinions of Counsel. The Facility Agent shall have received opinions, addressed to the Facility Agent and each Lender from:

- a) Watson Farley & Williams LLP, counsel to the Borrower, as to Liberian Law, covering the matters set forth in Exhibit B-1 hereto (and which shall be updated to include reference to the Escrow Account Security);
- b) Norton Rose Fulbright LLP, counsel to the Facility Agent and the Lenders, covering the matters set forth in Exhibit B-2 hereto (and which shall be updated to include reference to the Escrow Account Security) and, if the BpiFAE Insurance Policy is to be re-issued or replaced on or about the Actual Delivery Date, Exhibit B-3 hereto; and
- c) Clifford Chance US LLP, United States tax counsel to the Facility Agent for the benefit of the Lenders, covering the matters set forth in Exhibit B-4 hereto,

each such opinion to be updated to take into account all relevant and applicable Loan Documents at the time of issue thereof.

SECTION 5.1.3. BpiFAE Insurance Policy. The Facility Agent or the ECA Agent shall have received the BpiFAE Insurance Policy duly issued and BpiFAE shall not have, prior to the advance of the Loan, delivered to the Facility Agent or the ECA Agent any notice seeking the cancellation, suspension or termination of the BpiFAE Insurance Policy or the suspension of the drawing of the Additional Advances under this Agreement.

SECTION 5.1.4. Closing Fees, Expenses, etc. The Facility Agent shall have received for its own account, or for the account of each Lender or BpiFAE, as the case may be, all fees that the Borrower shall have agreed in writing to pay to the Facility Agent (whether for its own account or for the account of any of the Lenders) that are due and owing as of the date of such funding and all invoiced expenses of the Facility Agent (including the agreed fees and expenses of counsel to the Facility Agent and the BpiFAE Premium) required to be paid by the Borrower pursuant to Section 11.3 or that the Borrower has otherwise agreed in writing to pay to the Facility Agent, in each case on or prior to the date of such funding.

SECTION 5.1.5. Compliance with Warranties, No Default, etc. Both before and after giving effect to the funding of the Loan the following statements shall be true and correct:

- a) the representations and warranties set forth in Article VI (excluding, however, those set forth in Section 6.10) shall be true and correct in all material respects except for those representations and warranties that are qualified by materiality or Material Adverse Effect, which shall be true and correct, with the same effect as if then made; and

- b) no Default and no Prepayment Event and no event which (with notice or lapse of time or both) would become a Prepayment Event shall have then occurred and be continuing.

SECTION 5.1.6. Loan Request. The Facility Agent shall have received a Loan Request duly executed by the Borrower together with:

- a) where an Additional Advance is requested in respect of the Non-Yard Costs, the Delivery Non-Yard Costs Certificate;
- b) certified as true (by the Builder) copies of the invoice and supporting documents received by the Builder from the Borrower pursuant to Appendix C of the Construction Contract in relation to the Paid Non-Yard Costs to be financed as at the time of issue and a declaration from the Borrower and the Builder in substantially the form set forth in Exhibit D hereto that the requirement for a minimum 30% French content in respect of Non-Yard Costs and change orders in aggregate has been fulfilled;
- c) a copy of the final commercial invoice from the Builder showing the amount of the Contract Price (including the Non-Yard Costs and the Other Basic Contract Price Increases) and the portion thereof payable to the Builder on the Actual Delivery Date under the Construction Contract; and
- d) copies of the wire transfers for all payments by the Borrower to the Builder under the Construction Contract in respect of the Basic Contract Price to the extent not already provided as part of the drawdown conditions for drawdowns made by the Original Borrower.

SECTION 5.1.7. Foreign Exchange Counterparty Confirmations. The Facility Agent shall have received the documentation and other information referred to in clause 5.6 of the Novation Agreement.

SECTION 5.1.8. Protocol of delivery. The Facility Agent shall have received a copy of the protocol of delivery and acceptance under the Construction Contract duly signed by the Builder and the Borrower or Celebrity Edge Inc.

SECTION 5.1.9. Title to Purchased Vessel. The Facility Agent shall have received evidence that the Purchased Vessel is legally and beneficially owned by the Borrower or Celebrity Edge Inc., free of all recorded Liens, other than Liens permitted by Section 7.2.3 and, to the extent not yet discharged, the Mortgage (as defined in the Novation Agreement).

SECTION 5.1.10. Interest Stabilisation. The ECA Agent shall have received a duly executed fixed rate approval from Natixis DAI issued to the Lenders in respect of the CIRP applicable to the Loan and shall have been informed by the French Authorities of the conditions of the interest make-up mechanisms (*stabilisation du taux d'intérêt*) applicable to the Loan under the applicable Interest Stabilisation Agreement in respect of the Lenders, such conditions to specify, among other things, that the CIRP has been retained under the interest make-up mechanisms applicable to the Loan.

In relation to Section 5.1.10, if a Lender (an “Ineligible Lender”) becomes ineligible or otherwise ceases to be a party to an Interest Stabilisation Agreement, it shall promptly upon becoming aware thereof (and by no later than 15 Business Days before the anticipated Actual Delivery Date) notify the Borrower, the ECA Agent and the Facility Agent.

Following receipt of such a notice, the ECA Agent (through the Facility Agent) shall give to the Borrower at least 10 Business Days’ prior notice stating if the condition precedent in Section 5.1.10 will not be satisfied due to the Ineligible Lender but would be satisfied by the replacement of the Ineligible Lender as set out below, with such replacement to take effect for the purpose of this Section on the Actual Delivery Date.

On its receipt of such notice from the ECA Agent, the Borrower shall be entitled, at any time thereafter and without prejudice to any rights and remedies it may have against such Ineligible Lender pursuant to Section 3.3.3, to replace such Ineligible Lender with another bank or financial institution reasonably acceptable to the Facility Agent, BpiFAE and Natixis DAI with effect from the Actual Delivery Date, provided that (i) each such assignment shall be either an assignment of all of the rights and obligations of the Ineligible Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the Ineligible Lender under this Agreement and (ii) no Lender shall be obligated to make effective any such assignment as a result of a demand by the Borrower pursuant to this Section unless and until such Lender shall have received one or more payments from one or more Assignee Lenders in an aggregate amount equal to the aggregate outstanding principal amount of the portion of the Novated Loan Balance which, immediately following the Novation Effective Time, would have been owing to such Lender pursuant to Section 2.3(a) had that Lender not been replaced prior to the Novation Effective Time. The ECA Agent and the Facility Agent shall, at the request of the Borrower, use reasonable efforts to assist the Borrower in finding a bank or financial institution acceptable to the Borrower to replace such Ineligible Lender, and taking such other steps that may be reasonably required and which are within the control of the ECA Agent and the Facility Agent to assist with the satisfaction of the condition precedent in Section 5.1.10 prior to funding on the Actual Delivery Date.

Provided however the Borrower shall be entitled, without prejudice to its rights and remedies pursuant to Section 3.3.3, to elect that if at the Actual Delivery Date the condition precedent in Section 5.1.10 is not satisfied the Floating Rate should apply to the Loan, such election to be made by notice in writing to the Facility Agent not less than five (5) Business Days prior to the anticipated Actual Delivery Date in which event, subject to the approval of BpiFAE, the Loan shall bear interest at the Floating Rate and the condition set out in Section 5.1.10 shall be deemed waived by the Lenders.

The ECA Agent (through the Facility Agent) shall, promptly after the Borrower’s request, advise the Borrower whether it is aware (based solely on information obtained from Natixis DAI and other French Authorities and/or received from the Lenders at the time of any such request and without any liability on the ECA Agent for the accuracy of that information) that the condition precedent in Section 5.1.10 will not or may not be satisfied as required by Section 5.1.10.

SECTION 5.1.1. Escrow Account Security. The Facility Agent shall have received the Escrow Account Security duly executed by the Borrower together with a duly executed notice of charge and acknowledgement thereto executed by the Borrower and the Escrow Account Bank respectively.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

To induce the Lenders and the Facility Agent to enter into this Agreement and to make the Loan hereunder, the Borrower represents and warrants to the Facility Agent and each Lender as set forth in this Article VI as of the Actual Delivery Date (except as otherwise stated).

SECTION 6.1. Organization, etc. The Borrower is a corporation validly organized and existing and in good standing under the laws of its jurisdiction of incorporation; the Borrower is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the nature of its business requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect; and the Borrower has full power and authority, has taken all corporate action and holds all governmental and creditors' licenses, permits, consents and other approvals necessary to enter into each Loan Document and to perform the Obligations.

SECTION 6.2. Due Authorization, Non-Contravention, etc. The execution, delivery and performance by the Borrower of this Agreement and each other Loan Document, are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not:

- a) contravene the Borrower's Organic Documents;
- b) contravene any law or governmental regulation of any Applicable Jurisdiction except as would not reasonably be expected to result in a Material Adverse Effect;
- c) contravene any court decree or order binding on the Borrower or any of its property except as would not reasonably be expected to result in a Material Adverse Effect;
- d) contravene any contractual restriction binding on the Borrower or any of its property except as would not reasonably be expected to result in a Material Adverse Effect; or
- e) result in, or require the creation or imposition of, any Lien on any of the Borrower's properties except as would not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.3. Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by the Borrower of this Agreement or any other Loan Document (except for authorizations or approvals not required to be obtained on or prior to the Actual Delivery

Date or that have been obtained or actions not required to be taken on or prior to the Actual Delivery Date or that have been taken). The Borrower holds all governmental licenses, permits and other approvals required to conduct its business as conducted by it on the Actual Delivery Date, except to the extent the failure to hold any such licenses, permits or other approvals would not have a Material Adverse Effect.

SECTION 6.4. Compliance with Environmental Laws. The Borrower is in compliance with all applicable Environmental Laws, except to the extent that the failure to so comply would not have a Material Adverse Effect.

SECTION 6.5. Validity, etc. This Agreement constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, except as the enforceability hereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by general equitable principles.

SECTION 6.6. No Default, Event of Default or Prepayment Event. No Default, Event of Default or Prepayment Event has occurred and is continuing.

SECTION 6.7. Litigation. There is no action, suit, litigation, investigation or proceeding pending or, to the knowledge of the Borrower, threatened against the Borrower, that (i) except as set forth in filings made by the Borrower with the SEC in the Borrower's reasonable opinion might reasonably be expected to materially adversely affect the business, operations or financial condition of the Borrower and its Subsidiaries (taken as a whole) (collectively, "Material Litigation") or (ii) purports to affect the legality, validity or enforceability of the Loan Documents or the consummation of the transactions contemplated hereby.

SECTION 6.8. The Purchased Vessel. Immediately following the delivery of the Purchased Vessel to the Borrower under the Construction Contract, the Purchased Vessel will be:

- a) legally and beneficially owned by the Borrower or one of the Borrower's wholly owned Subsidiaries,
- b) registered in the name of the Borrower or one of the Borrower's wholly owned Subsidiaries under the Bahamian or Maltese flag or such other flag as the parties may mutually agree,
- c) classed as required by Section 7.1.4(b),
- d) free of all recorded Liens, other than Liens permitted by Section 7.2.3,
- e) insured against loss or damage in compliance with Section 7.1.5, and
- f) exclusively operated by or chartered to the Borrower or one of the Borrower's wholly owned Subsidiaries.

SECTION 6.9. Obligations rank pari passu; Liens.

- a) The Obligations rank at least pari passu in right of payment and in all other respects with all other unsecured unsubordinated Indebtedness of the Borrower other than Indebtedness preferred as a matter of law.
- b) As at the date of this Agreement, the provisions of this Agreement which permit or restrict the granting of Liens are no less favorable than the provisions permitting or restricting the granting of Liens in any other agreement entered into by the Borrower with any other person providing financing or credit to the Borrower.

SECTION 6.10. Withholding, etc.. As of the Signing Date, no payment to be made by the Borrower under any Loan Document is subject to any withholding or like tax imposed by any Applicable Jurisdiction.

SECTION 6.11. No Filing, etc. Required. No filing, recording or registration and no payment of any stamp, registration or similar tax is necessary under the laws of any Applicable Jurisdiction to ensure the legality, validity, enforceability, priority or admissibility in evidence of this Agreement or the other Loan Documents (except for filings, recordings, registrations or payments not required to be made on or prior to the Actual Delivery Date or that have been made).

SECTION 6.12. No Immunity. The Borrower is subject to civil and commercial law with respect to the Obligations. Neither the Borrower nor any of its properties or revenues is entitled to any right of immunity in any Applicable Jurisdiction from suit, court jurisdiction, judgment, attachment (whether before or after judgment), set-off or execution of a judgment or from any other legal process or remedy relating to the Obligations (to the extent such suit, court jurisdiction, judgment, attachment, set-off, execution, legal process or remedy would otherwise be permitted or exist).

SECTION 6.13. Investment Company Act. The Borrower is not required to register as an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

SECTION 6.14. Regulation U. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of the Loan will be used for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation U. Terms for which meanings are provided in F.R.S. Board Regulation U or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.15. Accuracy of Information. The financial and other information (other than financial projections or other forward looking information) furnished to the Facility Agent and the Lenders in writing by or on behalf of the Borrower by its chief financial officer, treasurer or corporate controller in connection with the negotiation of this Agreement is, when taken as a whole, to the best knowledge and belief of the Borrower, true and correct and contains no misstatement of a fact of a material nature. All financial projections, if any, that have been furnished to the Facility Agent and the Lenders in writing by or on behalf of the Borrower by its chief financial officer, treasurer or corporate controller

in connection with this Agreement have been or will be prepared in good faith based upon assumptions believed by the Borrower to be reasonable at the time made (it being understood that such projections are subject to significant uncertainties and contingencies, many of which are beyond the Borrower's control, and that no assurance can be given that the projections will be realized). All financial and other information furnished to the Facility Agent and the Lenders in writing by or on behalf of the Borrower by its chief financial officer, treasurer or corporate controller after the date of this Agreement shall have been prepared by the Borrower in good faith.

SECTION 6.16. Compliance with Laws. The Borrower is in compliance with all applicable laws, rules, regulations and orders, except to the extent that the failure to so comply does not and could not reasonably be expected to have a Material Adverse Effect, and the Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions. The Borrower and its Subsidiaries and, to the knowledge of the Borrower, their respective officers, employees, directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions, in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in Borrower being designated as a Sanctioned Person. None of (a) the Borrower, any Subsidiary or to the knowledge of the Borrower or such Subsidiary any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person.

ARTICLE VII

COVENANTS

SECTION 7.1. Affirmative Covenants. The Borrower agrees with the Facility Agent and each Lender that, from the Effective Date (or, where applicable, from such time as may be stated in any applicable provision below) until all Commitments have terminated and all Obligations have been paid in full, the Borrower will perform the obligations set forth in this Section 7.1.

SECTION 7.1.1. Financial Information, Reports, Notices, etc. The Borrower will furnish, or will cause to be furnished, to the Facility Agent (with sufficient copies for distribution to each Lender) the following financial statements, reports, notices and information:

- a) as soon as available and in any event within 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Borrower, a copy of the Borrower's report on Form 10-Q (or any successor form) as filed by the Borrower with the SEC for such Fiscal Quarter, containing unaudited consolidated financial statements of the Borrower for such Fiscal Quarter (including a balance sheet and profit and loss statement) prepared in accordance with GAAP, subject to normal year-end audit adjustments;

- b) as soon as available and in any event within 120 days after the end of each Fiscal Year of the Borrower, a copy of the Borrower's annual report on Form 10-K (or any successor form) as filed by the Borrower with the SEC for such Fiscal Year, containing audited consolidated financial statements of the Borrower for such Fiscal Year prepared in accordance with GAAP (including a balance sheet and profit and loss statement) and audited by PricewaterhouseCoopers LLP or another firm of independent public accountants of similar standing;
- c) together with each of the statements delivered pursuant to the foregoing clause (a) or (b), a certificate, executed by the chief financial officer, the treasurer or the corporate controller of the Borrower, showing, as of the last day of the relevant Fiscal Quarter or Fiscal Year compliance with the covenants set forth in Section 7.2.4 (in reasonable detail and with appropriate calculations and computations in all respects reasonably satisfactory to the Facility Agent);
- d) as soon as possible after the occurrence of a Default or Prepayment Event, a statement of the chief financial officer of the Borrower setting forth details of such Default or Prepayment Event (as the case may be) and the action which the Borrower has taken and proposes to take with respect thereto;
- e) as soon as the Borrower becomes aware thereof, notice of any Material Litigation except to the extent that such Material Litigation is disclosed by the Borrower in filings with the SEC;
- f) as soon as the Borrower becomes aware thereof, notice of any event which, in its reasonable opinion, would be expected to materially adversely affect the business, operations or financial condition of the Borrower and its Subsidiaries taken as a whole;
- g) promptly after the sending or filing thereof, copies of all reports which the Borrower sends to all holders of each security issued by the Borrower, and all registration statements which the Borrower or any of its Subsidiaries files with the SEC or any national securities exchange; and
- h) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender through the Facility Agent may from time to time reasonably request (including an update to any information and projections previously provided to the Lenders where these have been prepared and are available);

provided that information required to be furnished to the Facility Agent under subsections (a), (b) and (g) of this Section 7.1.1 shall be deemed furnished to the Facility Agent when available free of charge on the Borrower's website at <http://www.rclinvestor.com> or the SEC's website at <http://www.sec.gov>.

SECTION 7.1.2. Approvals and Other Consents. The Borrower will obtain (or cause to be obtained) all such governmental licenses, authorizations, consents, permits and approvals as may be required for (a) the Borrower to perform its obligations under this Agreement and the other Loan Documents and (b) the operation of the Purchased Vessel in compliance with all applicable laws, except, in each case, to the extent that failure

to obtain (or cause to be obtained) such governmental licenses, authorizations, consents, permits and approvals would not be expected to have a Material Adverse Effect.

SECTION 7.1.3. Compliance with Laws, etc. The Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws, rules, regulations and orders, except (other than as described in clauses (a) and (f) below) to the extent that the failure to so comply would not have a Material Adverse Effect, which compliance shall in any case include (but not be limited to):

- a) in the case of the Borrower, the maintenance and preservation of its corporate existence (subject to the provisions of Section 7.2.6);
- b) in the case of the Borrower, maintenance of its qualification as a foreign corporation in the State of Florida;
- c) the payment, before the same become delinquent, of all taxes, assessments and governmental charges imposed upon it or upon its property, except to the extent being diligently contested in good faith by appropriate proceedings;
- d) compliance with all applicable Environmental Laws;
- e) compliance with all anti-money laundering and anti-corrupt practices laws applicable to the Borrower, including by not making or causing to be made any offer, gift or payment, consideration or benefit of any kind to anyone, either directly or indirectly, as an inducement or reward for the performance of any of the transactions contemplated by this agreement to the extent the same would be in contravention of such applicable laws; and
- f) the Borrower will maintain in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers and employees with Anti-Corruption Laws and applicable Sanctions.

SECTION 7.1.4. The Purchased Vessel. The Borrower will:

- a) cause the Purchased Vessel to be exclusively operated by or chartered to the Borrower or one of the Borrower's wholly owned Subsidiaries, provided that the Borrower or such Subsidiary may charter out the Purchased Vessel (i) to entities other than the Borrower and the Borrower's wholly owned Subsidiaries and (ii) on a time charter with a stated duration not in excess of one year;
- b) cause the Purchased Vessel to be kept in such condition as will entitle her to classification by a classification society of recognized standing;
- c) provide the following to the Facility Agent with respect to the Purchased Vessel:
 - (i) evidence as to the ownership of the Purchased Vessel by the Borrower or one of the Borrower's wholly owned Subsidiaries; and
 - (ii) evidence of no recorded Liens on the Purchased Vessel, other than Liens permitted pursuant to Section 7.2.3;

- d) within seven days after the Actual Delivery Date, provide the following to the Facility Agent with respect to the Purchased Vessel:
- (i) evidence of the class of the Purchased Vessel; and
 - (ii) evidence as to all required insurance being in effect with respect to the Purchased Vessel.

SECTION 7.1.5. Insurance. The Borrower will maintain or cause to be maintained with responsible insurance companies insurance with respect to the Purchased Vessel against such casualties, third-party liabilities and contingencies and in such amounts, in each case, as is customary for other businesses of similar size in the passenger cruise line industry (provided that in no event will the Borrower or any Subsidiary be required to obtain any business interruption, loss of hire or delay in delivery insurance) and will, upon request of the Facility Agent, furnish to the Facility Agent (with sufficient copies for distribution to each Lender) at reasonable intervals a certificate of a senior officer of the Borrower setting forth the nature and extent of all insurance maintained by the Borrower and certifying as to compliance with this Section.

SECTION 7.1.6. Books and Records. The Borrower will keep books and records that accurately reflect all of its business affairs and transactions and permit the Facility Agent and each Lender or any of their respective representatives, at reasonable times and intervals and upon reasonable prior notice, to visit each of its offices, to discuss its financial matters with its officers and to examine any of its books or other corporate records.

SECTION 7.1.7. BpiFAE Insurance Policy/French Authority Requirements. The Borrower shall, on the reasonable request of the ECA Agent or the Facility Agent, provide such other information as required under the BpiFAE Insurance Policy and/or the Interest Stabilisation Agreement as necessary to enable the ECA Agent or the Facility Agent to obtain the full support of the relevant French Authority pursuant to the BpiFAE Insurance Policy and/or the Interest Stabilisation Agreement (as the case may be). The Borrower must pay to the ECA Agent or the Facility Agent the amount of all reasonable costs and expenses reasonably incurred by the ECA Agent or the Facility Agent in connection with complying with a request by any French Authority for any additional information necessary or desirable in connection with the BpiFAE Insurance Policy or the Interest Stabilisation Agreement (as the case may be); provided that the Borrower is consulted before the ECA Agent or Natixis incurs any such cost or expense.

SECTION 7.2. Negative Covenants. The Borrower agrees with the Facility Agent and each Lender that, from the Effective Date until all Commitments have terminated and all Obligations have been paid and performed in full, the Borrower will perform the obligations set forth in this Section 7.2.

SECTION 7.2.1. Business Activities. The Borrower will not, and will not permit any of its Subsidiaries to, engage in any principal business activity other than those engaged in by the Borrower and its Subsidiaries on the date hereof and other business activities reasonably related, ancillary or complimentary thereto or that are reasonable extensions thereof.

SECTION 7.2.2. Indebtedness. The Borrower will not permit any of the Existing Principal Subsidiaries to create, incur, assume or suffer to exist or otherwise become or be liable in respect of any Indebtedness, other than, without duplication, the following:

- a) Indebtedness secured by Liens of the type described in Section 7.2.3;
- b) Indebtedness owing to the Borrower or a direct or indirect Subsidiary of the Borrower;
- c) Indebtedness incurred to finance, refinance or refund the cost (including the cost of construction) of assets acquired after the Effective Date;
- d) Indebtedness in an aggregate principal amount, together with (but without duplication of) Indebtedness permitted to be secured under Section 7.2.3(b), at any one time outstanding not exceeding (determined at the time of creation of such Lien or the incurrence by any Existing Principal Subsidiary of such Indebtedness, as applicable) 10.0% of the total assets of the Borrower and its Subsidiaries taken as a whole as determined in accordance with GAAP as at the last day of the most recent ended Fiscal Quarter; and
- e) obligations in respect of Hedging Instruments entered into for the purpose of managing interest rate, foreign currency exchange or commodity exposure risk and not for speculative purposes.

SECTION 7.2.3. Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its property, revenues or assets, whether now owned or hereafter acquired, except:

- a) Liens on assets (including, without limitation, shares of capital stock of corporations and assets owned by any corporation that becomes a Subsidiary of the Borrower after the Effective Date) acquired after the Effective Date (whether by purchase, construction or otherwise) by the Borrower or any of its Subsidiaries (other than (x) an Existing Principal Subsidiary or (y) any other Principal Subsidiary which, at any time, after three months after the acquisition of a Vessel, owns a Vessel free of any mortgage Lien), which Liens were created solely for the purpose of securing Indebtedness representing, or incurred to finance, refinance or refund, the cost (including the cost of construction) of such assets, so long as (i) the acquisition of such assets is not otherwise prohibited by the terms of this Agreement and (ii) each such Lien is created within three months after the acquisition of the relevant assets;
- b) in addition to other Liens permitted under this Section 7.2.3, Liens securing Indebtedness in an aggregate principal amount, together with (but without duplication of) Indebtedness permitted under Section 7.2.2(d), at any one time outstanding not exceeding (determined at the time of creation of such Lien or the incurrence by any Existing Principal Subsidiary of such indebtedness, as applicable) 10.0% of the total assets of the Borrower and its Subsidiaries (the “Lien Basket Amount”) taken as a whole as determined in accordance with GAAP as at the last day of the most recent ended Fiscal Quarter; provided, however that,

if, at any time, the Senior Debt Rating of the Borrower is less than Investment Grade as given by both Moody's and S&P, the Lien Basket Amount shall be the greater of (x) 5.0% of the total assets of the Borrower and its Subsidiaries taken as a whole as determined in accordance with GAAP as at the last day of the most recent ended Fiscal Quarter and (y) \$735,000,000;

- c) Liens on assets acquired after the Effective Date by the Borrower or any of its Subsidiaries (other than by (x) any Subsidiary that is an Existing Principal Subsidiary or (y) any other Principal Subsidiary which, at any time, owns a Vessel free of any mortgage Lien) so long as (i) the acquisition of such assets is not otherwise prohibited by the terms of this Agreement and (ii) each of such Liens existed on such assets before the time of its acquisition and was not created by the Borrower or any of its Subsidiaries in anticipation thereof;
- d) Liens on any asset of any corporation that becomes a Subsidiary of the Borrower (other than a corporation that also becomes a Subsidiary of an Existing Principal Subsidiary) after the Effective Date so long as (i) the acquisition or creation of such corporation by the Borrower is not otherwise prohibited by the terms of this Agreement and (ii) such Liens are in existence at the time such corporation becomes a Subsidiary of the Borrower and were not created by the Borrower or any of its Subsidiaries in anticipation thereof;
- e) Liens securing Government-related Obligations;
- f) Liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings;
- g) Liens of carriers, warehousemen, mechanics, material-men and landlords incurred in the ordinary course of business for sums not overdue by more than 60 days or being diligently contested in good faith by appropriate proceedings;
- h) Liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance or other forms of governmental insurance or benefits;
- i) Liens for current crew's wages and salvage;
- j) Liens arising by operation of law as the result of the furnishing of necessaries for any Vessel so long as the same are discharged in the ordinary course of business or are being diligently contested in good faith by appropriate proceedings;
- k) Liens on Vessels that:
 - (i) secure obligations covered (or reasonably expected to be covered) by insurance;
 - (ii) were incurred in the course of or incidental to trading such Vessel in connection with repairs or other work to such Vessel; or

(iii) were incurred in connection with work to such Vessel that is required to be performed pursuant to applicable law, rule, regulation or order;

provided that, in each case described in this clause (k), such Liens are either (x) discharged in the ordinary course of business or (y) being diligently contested in good faith by appropriate proceedings;

- l) normal and customary rights of set-off upon deposits of cash or other Liens originating solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights in favor of banks or other depository institutions;
- m) Liens in respect of rights of set-off, recoupment and holdback in favor of credit card processors securing obligations in connection with credit card processing services incurred in the ordinary course of business;
- n) Liens on cash or Cash Equivalents or marketable securities securing obligations in respect of Hedging Instruments not incurred for speculative purposes or securing letters of credit that support such obligations;
- o) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business and deposits securing liabilities to insurance carriers under insurance or self-insurance arrangements;
- p) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary; and
- q) licenses, sublicenses, leases or subleases granted to other Persons not materially interfering with the conduct of the business of the Borrower or any of its Subsidiaries.

SECTION 7.2.4. Financial Condition. The Borrower will not permit:

- a) Net Debt to Capitalization Ratio, as at the end of any Fiscal Quarter, to be greater than 0.625 to 1.
- b) Fixed Charge Coverage Ratio to be less than 1.25 to 1 as at the last day of any Fiscal Quarter.

In addition, if, at any time, the Senior Debt Rating of the Borrower is less than Investment Grade as given by both Moody's and S&P, the Borrower will not permit Stockholders' Equity to be less than, as at the last day of any Fiscal Quarter, the sum of (i) \$4,150,000,000 plus (ii) 50% of the consolidated net income of the Borrower and its Subsidiaries for the period commencing on January 1, 2007 and ending on the last day of the Fiscal Quarter most recently ended (treated for these purposes as a single accounting period, but in any event

excluding any Fiscal Quarters for which the Borrower and its Subsidiaries have a consolidated net loss).

SECTION 7.2.5. [Intentionally omitted]

SECTION 7.2.6. Consolidation, Merger, etc. The Borrower will not, and will not permit any of its Subsidiaries to, liquidate or dissolve, consolidate with, or merge into or with, any other corporation except:

- a) any such Subsidiary may (i) liquidate or dissolve voluntarily into, and may merge with and into, the Borrower or any other Subsidiary, and the assets or stock of any Subsidiary may be purchased or otherwise acquired by the Borrower or any other Subsidiary or (ii) merge with and into another Person in connection with a sale or other disposition permitted by Section 7.2.7; and
- b) so long as no Event of Default has occurred and is continuing or would occur after giving effect thereto, the Borrower or any of its Subsidiaries may merge into any other Person, or any other Person may merge into the Borrower or any such Subsidiary, or the Borrower or any of its Subsidiaries may purchase or otherwise acquire all or substantially all of the assets of any Person, in each case so long as:

- (i) after giving effect thereto, the Stockholders' Equity of the Borrower and its Subsidiaries is at least equal to 90% of such Stockholders' Equity immediately prior thereto; and

- (ii) in the case of a merger involving the Borrower where the Borrower is not the surviving corporation, (and without prejudice to the provisions of Sections 3.2b) and c) and 9.1.10, which shall not restrict the proposed merger but which can still apply to the extent that the proposed merger would give rise to any of the events or circumstances contemplated by such Sections):

- (A) the surviving corporation shall have assumed in a writing, delivered to the Facility Agent, all of the Borrower's obligations hereunder and under the other Loan Documents; and

- (B) the surviving corporation shall, promptly upon the request of the Facility Agent or any Lender, supply such documentation and other evidence as is reasonably requested by the Facility Agent or any Lender in order for the Facility Agent or such Lender to carry out and be satisfied it has complied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations.

SECTION 7.2.7. Asset Dispositions, etc. The Borrower will not, and will not permit any of its Subsidiaries to, sell, transfer, contribute or otherwise convey, or grant options, warrants or other rights with respect to, :

all or substantially all of the assets of (a) the Borrower or (b) the Subsidiaries of the Borrower, taken as a whole, except sales of assets between or among the Borrower and Subsidiaries of the Borrower.

SECTION 7.3. Lender incorporated in the Federal Republic of Germany. The representations and warranties and covenants given in Sections 6.16 and 7.1.3(f) respectively shall only be given, and be applicable to, a Lender incorporated in the Federal Republic of Germany insofar as the giving of and compliance with such representations and warranties do not result in a violation of or conflict with section 7 of the German Foreign Trade Regulation (Außenwirtschaftsverordnung) (in conjunction with section 4 paragraph 1 a no.3 foreign trade law (AWG) (Außenwirtschaftsgesetz)), any provision of Council Regulation (EC) 2271/1996 or any similar applicable anti-boycott law or regulation.

ARTICLE VIII

EVENTS OF DEFAULT

SECTION 8.1. Listing of Events of Default. Each of the following events or occurrences described in this Section 8.1 shall constitute an “Event of Default”.

SECTION 8.1.1. Non-Payment of Obligations. The Borrower shall default in the payment when due of any principal of or interest on the Loan or any Commitment Fee, or the Borrower shall default in the payment of any fee due and payable under the Fee Letter, provided that, in the case of any default in the payment of any interest on the Loan or of any Commitment Fee, such default shall continue unremedied for a period of at least five (5) Business Days after notice thereof shall have been given to the Borrower by the Facility Agent; and provided further that, in the case of any default in the payment of any fee due and payable under the Fee Letter, such default shall continue unremedied for a period of at least ten days after notice thereof shall have been given to the Borrower by the Facility Agent.

SECTION 8.1.2. Breach of Warranty. Any representation or warranty of the Borrower made or deemed to be made hereunder (including any certificates delivered pursuant to Article V) is or shall be incorrect in any material respect when made.

SECTION 8.1.3. Non-Performance of Certain Covenants and Obligations. The Borrower shall default in the due performance and observance of any other agreement contained herein or in any other Loan Document (other than the covenants set forth in Section 7.2.4 and the obligations referred to in Section 8.1.1) and such default shall continue unremedied for a period of five days after notice thereof shall have been given to the Borrower by the Facility Agent or any Lender (or, if (a) such default is capable of being remedied within 30 days (commencing on the first day following such five-day period) and (b) the Borrower is actively seeking to remedy the same during such period, such default shall continue unremedied for at least 35 days after such notice to the Borrower).

SECTION 8.1.4. Default on Other Indebtedness. (a) The Borrower or any of its Principal Subsidiaries shall fail to pay any Indebtedness that is outstanding in a principal amount of at least \$100,000,000 (or the equivalent in other currencies) in the aggregate (but excluding Indebtedness hereunder or with respect to Hedging Instruments)

when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; (b) the occurrence under any Hedging Instrument of an Early Termination Date (as defined in such Hedging Instrument) resulting from (A) any event of default under such Hedging Instrument as to which the Borrower is the Defaulting Party (as defined in such Hedging Instrument) or (B) any Termination Event (as so defined) as to which the Borrower is an Affected Party (as so defined) and, in either event, the termination value with respect to any such Hedging Instrument owed by the Borrower as a result thereof is greater than \$100,000,000 and the Borrower fails to pay such termination value when due after applicable grace periods; or (c) any other event shall occur or condition shall exist under any agreement or instrument evidencing, securing or relating to any such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to cause or permit the holder or holders of such Indebtedness to cause such Indebtedness to become due and payable prior to its scheduled maturity; or (d) any such Indebtedness shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption or by voluntary agreement), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Indebtedness is required to be made, in each case prior to the scheduled maturity thereof (other than as a result of any sale or other disposition of any property or assets under the terms of such Indebtedness); provided that any required prepayment or right to require prepayment triggered by terms that are certified by the Borrower to be unique to, but customary in, ship financings shall not constitute an Event of Default under this Section 8.1.4 so long as any required prepayment is made when due. For purposes of determining Indebtedness for any Hedging Instrument, the principal amount of the obligations under any such instrument at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or any Principal Subsidiary would be required to pay if such instrument were terminated at such time.

SECTION 8.1.5. Bankruptcy, Insolvency, etc. The Borrower or any of the Principal Subsidiaries (or any of its other Subsidiaries to the extent that the relevant event described below would have a Material Adverse Effect) shall:

- a) generally fail to pay, or admit in writing its inability to pay, its debts as they become due;
- b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for it or any of its property, or make a general assignment for the benefit of creditors;
- c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for it or for a substantial part of its property, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days, provided that in the case of such an event in respect of the Borrower, the Borrower hereby expressly authorizes the Facility Agent and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their respective rights under the Loan Documents;

- d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower or any of such Subsidiaries, and, if any such case or proceeding is not commenced by the Borrower or such Subsidiary, such case or proceeding shall be consented to or acquiesced in by the Borrower or such Subsidiary or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that the Borrower hereby expressly authorizes the Facility Agent and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their respective rights under the Loan Documents; or
- e) take any corporate action authorizing, or in furtherance of, any of the foregoing.

SECTION 8.2. Action if Bankruptcy. If any Event of Default described in clauses (b) through (d) of Section 8.1.5 shall occur with respect to the Borrower, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of the Loan and all other Obligations shall automatically be and become immediately due and payable, without notice or demand.

SECTION 8.3. Action if Other Event of Default. If any Event of Default (other than any Event of Default described in clauses (b) through (d) of Section 8.1.5 with respect to the Borrower) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Facility Agent, upon the direction of the Required Lenders (after consultation with BpiFAE who shall have the right to instruct the Lenders to waive such Event of Default), shall by notice to the Borrower declare all of the outstanding principal amount of the Loan and other Obligations to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of the Loan and other Obligations shall be and become immediately due and payable, without further notice, demand or presentment, and/or, as the case may be, the Commitments shall terminate.

ARTICLE IX

PREPAYMENT EVENTS

SECTION 9.1. Listing of Prepayment Events. Each of the following events or occurrences described in this Section 9.1 shall constitute a "Prepayment Event".

SECTION 9.1.1. Change of Control. There occurs any Change of Control.

SECTION 9.1.2. Unenforceability. Any Loan Document shall cease to be the legally valid, binding and enforceable obligation of the Borrower (in each case, other than with respect to provisions of any Loan Document (i) identified as unenforceable in the form of the opinion of the Borrower's counsel set forth as Exhibit B-1 or (ii) that a court of competent jurisdiction has determined are not material) and such event shall continue unremedied for 15 days after notice thereof has been given to the Borrower by the Facility Agent.

SECTION 9.1.3. Approvals. Any material license, consent, authorization, registration or approval at any time necessary to enable the Borrower or any Principal Subsidiary to conduct its business shall be revoked, withdrawn or otherwise cease to be in full force and effect, unless the same would not have a Material Adverse Effect.

SECTION 9.1.4. Non-Performance of Certain Covenants and Obligations. The Borrower shall default in the due performance and observance of any of the covenants set forth in Sections 4.12 or 7.2.4.

SECTION 9.1.5. Judgments. Any judgment or order for the payment of money in excess of \$100,000,000 shall be rendered against the Borrower or any of the Principal Subsidiaries by a court of competent jurisdiction and the Borrower or such Principal Subsidiary shall have failed to satisfy such judgment and either:

- a) enforcement proceedings in respect of any material assets of the Borrower or such Principal Subsidiary shall have been commenced by any creditor upon such judgment or order and shall not have been stayed or enjoined within five (5) Business Days after the commencement of such enforcement proceedings; or
- b) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

SECTION 9.1.6. Condemnation, etc.. The Purchased Vessel shall be condemned or otherwise taken under color of law or requisitioned and the same shall continue unremedied for at least 20 days, unless such condemnation or other taking would not have a Material Adverse Effect.

SECTION 9.1.7. Arrest. The Purchased Vessel shall be arrested and the same shall continue unremedied for at least 20 days, unless such arrest would not have a Material Adverse Effect.

SECTION 9.1.8. Sale/Disposal of the Purchased Vessel. The Purchased Vessel is sold to a company which is not the Borrower or any other Subsidiary of the Borrower (other than for the purpose of a lease back to the Borrower or any other Subsidiary of the Borrower).

SECTION 9.1.9. BpiFAE Insurance Policy. The BpiFAE Insurance Policy is cancelled for any reason or ceases to be in full force and effect.

SECTION 9.1.10. Illegality. No later than the close of business on the last day of the Option Period related to the giving of any Illegality Notice by an affected Lender pursuant to Section 3.2(b), either: (x) the Borrower has not elected to take an action specified in clause (1) or (2) of Section 3.2(c) or (y) if any such election shall have been made, the Borrower has failed to take the action required in respect of such election. In such circumstances the Facility Agent (at the direction of the affected Lender) shall by notice to the Borrower require the Borrower to prepay in full all principal and interest and all other Obligations owing to such Lender either (i) forthwith or, as the case may be, (ii) on a future specified date not being earlier than the latest date permitted by the relevant law.

SECTION 9.2. Mandatory Prepayment. If any Prepayment Event (other than a Prepayment Event under Section 9.1.10) shall occur and be continuing, the Facility Agent, upon the direction of the Required Lenders, shall by notice to the Borrower require the Borrower to prepay in full on the date of such notice all principal of and interest on the Loan and all other Obligations (and, in such event, the Borrower agrees to so pay the full unpaid amount of the Loan and all accrued and unpaid interest thereon and all other Obligations).

SECTION 9.3. Mitigation. If the ECA Agent, the Facility Agent or any of the Lenders become aware that an event or circumstance has arisen which will cause the BpiFAE Insurance Policy to be cancelled for any reason or no longer remain in full force and effect they shall notify the Borrower and the Lenders, the Borrower, the ECA Agent and the Facility Agent shall negotiate in good faith for a period of up to 30 days or, if less, the date by which the BpiFAE Insurance Policy shall be terminated or cease to be in full force and effect to determine whether the facility can be restructured and/or the Loan refinanced in a manner acceptable to each of the Lenders in their absolute discretion. The Lenders will use reasonable efforts to involve BpiFAE in such negotiations.

ARTICLE X

THE FACILITY AGENT AND THE ECA AGENT

SECTION 10.1. Actions. Each Lender hereby appoints Citibank Europe plc, UK Branch, as Facility Agent and Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch as ECA Agent, as its agent under and for purposes of this Agreement and each other Loan Document (for purposes of this Article X, the Facility Agent and the ECA Agent are referred to collectively as the “Agents”). Each Lender authorizes the Agents to act on behalf of such Lender under this Agreement and each other Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Agents (with respect to which each Agent agrees that it will comply, except as otherwise provided in this Section 10.1 or as otherwise advised by counsel or as otherwise instructed by any French Authority, it being understood and agreed that any instructions provided by a French Authority shall prevail), to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Agents by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. Neither Agent shall be obliged to act on the instructions of any Lender or the Required Lenders if to do so would, in the opinion of such Agent, be contrary to any provision of this Agreement or any other Loan Document or the BpiFAE Insurance Policy or to any law or the conflicting instructions of any French Authority, or would expose such Agent to any actual or potential liability to any third party. As between the Lenders and the Agents, it is acknowledged that each Agent’s duties under this Agreement and the other Loan Documents are solely mechanical and administrative in nature.

SECTION 10.2. Indemnity. Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) each Agent, pro rata according to such Lender’s Percentage, from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel) that be incurred by or asserted or awarded against, such Agent in any way relating to or arising out of this Agreement and any other Loan Document or any action taken or omitted

by such Agent under this Agreement or any other Loan Document; provided that no Lender shall be liable for the payment of any portion of such claims, damages, losses, liabilities and expenses which have resulted from such Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse each Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable counsel fees) incurred by such Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that such Agent is not reimbursed for such expenses by the Borrower. In the case of any investigation, litigation or proceeding giving rise to any such indemnified costs, this Section applies whether any such investigation, litigation or proceeding is brought by any Agent, any Lender or a third party. Neither Agent shall be required to take any action hereunder or under any other Loan Document, or to prosecute or defend any suit in respect of this Agreement or any other Loan Document, unless it is expressly required to do so under this Agreement or is indemnified hereunder to its satisfaction. If any indemnity in favor of an Agent shall be or become, in such Agent's determination, inadequate, such Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given.

SECTION 10.3. Funding Reliance, etc. Each Lender shall notify the Facility Agent by 4:00 p.m., London time, one day prior to the advance of the Loan if it is not able to fund the following day. Unless the Facility Agent shall have been notified by telephone, confirmed in writing, by any Lender by 4:00 p.m., London time, on the day prior to the advance of the Loan that such Lender will not make available the amount which would constitute its Percentage of the Loan on the date specified therefor, the Facility Agent may assume that such Lender has made such amount available to the Facility Agent and, in reliance upon such assumption, may, but shall not be obliged to, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Facility Agent, such Lender and the Borrower severally agree to repay the Facility Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Facility Agent made such amount available to the Borrower to the date such amount is repaid to the Facility Agent, at the interest rate applicable at the time to the Loan without premium or penalty.

SECTION 10.4. Exculpation. Neither of the Agents nor any of their respective directors, officers, employees or agents shall be liable to any Lender for any action taken or omitted to be taken by it under this Agreement or any other Loan Document, or in connection herewith or therewith, except for its own willful misconduct or gross negligence. Without limitation of the generality of the foregoing, each Agent (i) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it and in accordance with the advice of such counsel, accountants or experts, (ii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement, (iii) shall not have any duty to ascertain or to inquire as to the performance, observance or satisfaction of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or the existence at any time of any Default or Prepayment Event or to inspect the property (including the books and records) of the

Borrower, (iv) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto, (v) shall incur no liability under or in respect of this Agreement by action upon any notice, consent, certificate or other instrument or writing (which may be by telecopier) believed by it to be genuine and signed or sent by the proper party or parties, and (vi) shall have no responsibility to the Borrower or any Lender on account of (A) the failure of a Lender or the Borrower to perform any of its obligations under this Agreement or any Loan Document; (B) the financial condition of the Borrower; (C) the completeness or accuracy of any statements, representations or warranties made in or pursuant to this Agreement or any Loan Document, or in or pursuant to any document delivered pursuant to or in connection with this Agreement or any Loan Document; or (D) the negotiation, execution, effectiveness, genuineness, validity, enforceability, admissibility in evidence or sufficiency of this Agreement or any Loan Document or of any document executed or delivered pursuant to or in connection with any Loan Document.

SECTION 10.5. Successor. The Facility Agent may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders and shall resign where required to do in accordance with Section 4.14, provided that any such resignation shall not become effective until a successor Facility Agent has been appointed as provided in this Section 10.5 and such successor Facility Agent has accepted such appointment. If the Facility Agent at any time shall resign, the Required Lenders shall, subject to the immediately preceding proviso and subject to the consent of the Borrower (such consent not to be unreasonably withheld), appoint another Lender as a successor to the Facility Agent which shall thereupon become such Facility Agent's successor hereunder (provided that the Required Lenders shall, subject to the consent of the Borrower unless an Event or Default or a Prepayment Event shall have occurred and be continuing (such consent not to be unreasonably withheld or delayed) offer to each of the other Lenders in turn, in the order of their respective Percentages of the Loan, the right to become successor Facility Agent). If no successor Facility Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the Facility Agent's giving notice of resignation, then the Facility Agent may, on behalf of the Lenders, appoint a successor Facility Agent, which shall be one of the Lenders or a commercial banking institution having a combined capital and surplus of at least \$1,000,000,000 (or the equivalent in other currencies), subject, in each case, to the consent of the Borrower (such consent not to be unreasonably withheld). Upon the acceptance of any appointment as Facility Agent hereunder by a successor Facility Agent, such successor Facility Agent shall be entitled to receive from the resigning Facility Agent such documents of transfer and assignment as such successor Facility Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the resigning Facility Agent, and the resigning Facility Agent shall be discharged from its duties and obligations under this Agreement. After any resigning Facility Agent's resignation hereunder as the Facility Agent, the provisions of:

- a) this Article X shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Facility Agent under this Agreement; and
- b) Section 11.3 and Section 11.4 shall continue to inure to its benefit.

If a Lender acting as the Facility Agent assigns its Loan to one of its Affiliates, such Facility Agent may, subject to the consent of the Borrower (such consent not to be unreasonably withheld or delayed) assign its rights and obligations as Facility Agent to such Affiliate.

SECTION 10.6. Loans by the Facility Agent. The Facility Agent shall have the same rights and powers with respect to the Loan made by it or any of its Affiliates. The Facility Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Affiliate of the Borrower as if the Facility Agent were not the Facility Agent hereunder and without any duty to account therefor to the Lenders. The Facility Agent shall have no duty to disclose information obtained or received by it or any of its Affiliates relating to the Borrower or its Subsidiaries to the extent such information was obtained or received in any capacity other than as the Facility Agent.

SECTION 10.7. Credit Decisions. Each Lender acknowledges that it has, independently of each Agent and each other Lender, and based on such Lender's review of the financial information of the Borrower, this Agreement, the other Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitment. Each Lender also acknowledges that it will, independently of each Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document.

SECTION 10.8. Copies, etc. Each Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to such Agent by the Borrower pursuant to the terms of this Agreement (unless concurrently delivered to the Lenders by the Borrower). Each Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by such Agent from the Borrower for distribution to the Lenders by such Agent in accordance with the terms of this Agreement.

SECTION 10.9. The Agents' Rights. Each Agent may (i) assume that all representations or warranties made or deemed repeated by the Borrower in or pursuant to this Agreement or any Loan Document are true and complete, unless, in its capacity as the Facility Agent, it has acquired actual knowledge to the contrary, (ii) assume that no Default has occurred unless, in its capacity as an Agent, it has acquired actual knowledge to the contrary, (iii) rely on any document or notice believed by it to be genuine, (iv) rely as to legal or other professional matters on opinions and statements of any legal or other professional advisers selected or approved by it, (v) rely as to any factual matters which might reasonably be expected to be within the knowledge of the Borrower on a certificate signed by or on behalf of the Borrower and (vi) refrain from exercising any right, power, discretion or remedy unless and until instructed to exercise that right, power, discretion or remedy and as to the manner of its exercise by the Lenders (or, where applicable, by the Required Lenders) and unless and until such Agent has received from the Lenders any payment which such Agent may require on account of, or any security which such Agent may require for, any costs, claims, expenses (including legal and other professional fees) and liabilities which it considers it may incur or sustain in complying with those instructions.

SECTION 10.10. The Facility Agent's Duties. The Facility Agent shall (i) if requested in writing to do so by a Lender, make enquiry and advise the Lenders as to the performance or observance of any of the provisions of this Agreement or any Loan Document by the Borrower or as to the existence of an Event of Default and (ii) inform the Lenders promptly of any Event of Default of which the Facility Agent has actual knowledge.

The Facility Agent shall not be deemed to have actual knowledge of the falsehood or incompleteness of any representation or warranty made or deemed repeated by the Borrower or actual knowledge of the occurrence of any Default unless a Lender or the Borrower shall have given written notice thereof to the Facility Agent in its capacity as the Facility Agent. Any information acquired by the Facility Agent other than specifically in its capacity as the Facility Agent shall not be deemed to be information acquired by the Facility Agent in its capacity as the Facility Agent.

The Facility Agent may, without any liability to account to the Lenders, generally engage in any kind of banking or trust business with the Borrower or with the Borrower's subsidiaries or associated companies or with a Lender as if it were not the Facility Agent.

SECTION 10.11. Employment of Agents. In performing its duties and exercising its rights, powers, discretions and remedies under or pursuant to this Agreement or the Loan Documents, each Agent shall be entitled to employ and pay agents to do anything which such Agent is empowered to do under or pursuant to this Agreement or the Loan Documents (including the receipt of money and documents and the payment of money); provided that, unless otherwise provided herein, including without limitation Section 11.3, the employment of such agents shall be for such Agent's account, and to act or refrain from taking action in reliance on the opinion of, or advice or information obtained from, any lawyer, banker, broker, accountant, valuer or any other person believed by such Agent in good faith to be competent to give such opinion, advice or information.

SECTION 10.12. Distribution of Payments. The Facility Agent shall pay promptly to the order of each Lender that Lender's Percentage Share of every sum of money received by the Facility Agent pursuant to this Agreement or the Loan Documents (with the exception of any amounts payable pursuant to the Fee Letter and any amounts which, by the terms of this Agreement or the Loan Documents, are paid to the Facility Agent for the account of the Facility Agent alone or specifically for the account of one or more Lenders) and until so paid such amount shall be held by the Facility Agent on trust absolutely for that Lender.

SECTION 10.13. Reimbursement. The Facility Agent shall have no liability to pay any sum to a Lender until it has itself received payment of that sum. If, however, the Facility Agent does pay any sum to a Lender on account of any amount prospectively due to that Lender pursuant to Section 10.12 before it has itself received payment of that amount, and the Facility Agent does not in fact receive payment within two (2) Business Days after the date on which that payment was required to be made by the terms of this Agreement or the Loan Documents, that Lender will, on demand by the Facility Agent, refund to the Facility Agent an amount equal to the amount received by it, together with an amount sufficient to reimburse the Facility Agent for any amount which the Facility Agent may certify that it has been required to pay by way of interest on money borrowed to fund the amount in question during the period beginning on the date on which that amount

was required to be paid by the terms of this Agreement or the Loan Documents and ending on the date on which the Facility Agent receives reimbursement.

SECTION 10.14. Instructions. Where an Agent is authorized or directed to act or refrain from acting in accordance with the instructions of the Lenders or of the Required Lenders each of the Lenders shall provide such Agent with instructions within three (3) Business Days of such Agent's request (which request may be made orally or in writing). If a Lender does not provide such Agent with instructions within that period, that Lender shall be bound by the decision of such Agent. Nothing in this Section 10.14 shall limit the right of such Agent to take, or refrain from taking, any action without obtaining the instructions of the Lenders or the Required Lenders if such Agent in its discretion considers it necessary or appropriate to take, or refrain from taking, such action in order to preserve the rights of the Lenders under or in connection with this Agreement or the Loan Documents. In that event, such Agent will notify the Lenders of the action taken by it as soon as reasonably practicable, and the Lenders agree to ratify any action taken by the Facility Agent pursuant to this Section 10.14.

SECTION 10.15. Payments. All amounts payable to a Lender under this Section 10 shall be paid to such account at such bank as that Lender may from time to time direct in writing to the Facility Agent.

SECTION 10.16. "Know your customer" Checks. Each Lender shall promptly upon the request of the Facility Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself) in order for the Facility Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in this Agreement or the Loan Documents.

SECTION 10.17. No Fiduciary Relationship. Except as provided in Section 10.12, no Agent shall have any fiduciary relationship with or be deemed to be a trustee of or for any other person and nothing contained in this Agreement or any Loan Document shall constitute a partnership between any two or more Lenders or between either Agent and any other person.

SECTION 10.18. Illegality. The Agent shall refrain from doing anything which it reasonably believes would be contrary to any law of any jurisdiction (including but not limited to England and Wales, the United States of America or any jurisdiction forming part of it) or any regulation or directive of any agency of such state or jurisdiction or which would or might render it liable to any person and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.1. Waivers, Amendments, etc. The provisions of this Agreement and of each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the

Borrower and the Required Lenders; provided that no such amendment, modification or waiver which would:

- a) contravene or be in breach of the terms of the BpiFAE Insurance Policy or the arrangements with Natixis DAI relating to the CIRR (if the Fixed Rate applies) shall be effective unless consented to by, as applicable, BpiFAE and/or Natixis DAI;
- b) modify any requirement hereunder that any particular action be taken by all the Lenders or by the Required Lenders shall be effective unless consented to by each Lender;
- c) modify this Section 11.1 or change the definition of “Required Lenders” shall be made without the consent of each Lender;
- d) increase the Commitment of any Lender shall be made without the consent of such Lender;
- e) reduce any fees described in Article III payable to any Lender shall be made without the consent of such Lender;
- f) extend the Commitment Termination Date of any Lender shall be made without the consent of such Lender;
- g) extend the due date for, or reduce the amount of, any scheduled repayment or prepayment of principal of or interest on the Loan (or reduce the principal amount of or rate of interest on the Loan) owed to any Lender shall be made without the consent of such Lender; or
- h) affect adversely the interests, rights or obligations of the Facility Agent in its capacity as such shall be made without consent of the Facility Agent.

No failure or delay on the part of the Facility Agent or any Lender in exercising any power or right under this Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Borrower in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by any the Facility Agent or any Lender under this Agreement or any other Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder. The Lenders hereby agree, at any time and from time to time that the Nordea Agreement or the Bank of Nova Scotia Agreement is amended or refinanced, to negotiate in good faith to amend this Agreement to conform any representations, warranties, covenants or events of default in this Agreement to the amendments made to any substantively comparable provisions in the Nordea Agreement or the Bank of Nova Scotia Agreement or any refinancing thereof.

Neither the Borrower’s rights nor its obligations under the Loan Documents shall be changed, directly or indirectly, as a result of any amendment, supplement, modification, variance or

novation of the BpiFAE Insurance Policy, except any amendments, supplements, modifications, variances or novations, as the case may be, which occur (i) with the Borrower's consent, (ii) at the Borrower's request or (iii) in order to conform to amendments, supplements, modifications, variances or novations effected in respect of the Loan Documents in accordance with their terms.

SECTION 11.2. Notices.

- a) All notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing, by facsimile or by electronic mail and addressed, delivered or transmitted to such party at its address, facsimile number or electronic mail address set forth below its signature hereto or set forth in the Lender Assignment Agreement or at such other address, or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted provided it is received in legible form; any notice, if transmitted by electronic mail, shall be deemed given upon acknowledgment of receipt by the recipient.
- b) So long as Citibank Europe plc, UK Branch is the Facility Agent, the Borrower may provide to the Facility Agent all information, documents and other materials that it furnishes to the Facility Agent hereunder or any other Loan Document (and any guaranties, security agreements and other agreements relating thereto), including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other materials, but excluding any such communication that (i) relates to a request for a new, or a conversion of an existing advance or other extension of credit (including any election of an interest rate or interest period relating thereto), (ii) relates to the payment of any principal or other amount due hereunder or any other Loan Document prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of the Agreement and/or any advance or other extension of credit hereunder (all such non-excluded communications being referred to herein collectively as "Communications"), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Facility Agent to such email address notified by the Facility Agent to the Borrower; provided that any Communication requested pursuant to Section 7.1.1(h) shall be in a format acceptable to the Borrower and the Facility Agent.
- c) The Borrower agrees that the Facility Agent may make such items included in the Communications as the Borrower may specifically agree available to the Lenders by posting such notices, at the option of the Borrower, on Intralinks or any similar such platform (the "Platform") acceptable to the Borrower. Although the primary web portal is secured with a dual firewall and a User ID/Password Authorization System and the Platform is secured through a single user per deal authorization method whereby each user may access the Platform only on a deal-by-deal basis, the Borrower acknowledges that (i) the distribution of material through an

electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution, (ii) the Platform is provided “as is” and “as available” and (iii) neither the Facility Agent nor any of its Affiliates warrants the accuracy, adequacy or completeness of the Communications or the Platform and each expressly disclaims liability for errors or omissions in the Communications or the Platform. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by the Facility Agent or any of its Affiliates in connection with the Platform.

- d) The Facility Agent agrees that the receipt of Communications by the Facility Agent at its e-mail address set forth above shall constitute effective delivery of such Communications to the Facility Agent for purposes hereunder and any other Loan Document (and any guaranties, security agreements and other agreements relating thereto).

SECTION 11.3. Payment of Costs and Expenses. The Borrower agrees to pay on demand all reasonable expenses of the Facility Agent (including the reasonable fees and out-of-pocket expenses of counsel to the Facility Agent and of local counsel, if any, who may be retained by counsel to the Facility Agent) in connection with any amendments, waivers, consents, supplements or other modifications to, this Agreement or any other Loan Document as may from time to time hereafter be required, whether or not the transactions contemplated hereby are consummated. The Borrower further agrees to pay, and to save the Facility Agent and the Lenders harmless from all liability for, any stamp, recording, documentary or other similar taxes arising from the execution, delivery or enforcement of this Agreement or the borrowing hereunder or any other Loan Documents. The Borrower also agrees to reimburse the Facility Agent and each Lender upon demand for all reasonable out-of-pocket expenses (including reasonable attorneys’ fees and legal expenses) incurred by the Facility Agent or such Lender in connection with (x) the negotiation of any restructuring or “work-out”, whether or not consummated, of any Obligations and (y) the enforcement of any Obligations.

SECTION 11.4. Indemnification. In consideration of the execution and delivery of this Agreement by each Lender and the extension of the Commitments, the Borrower hereby indemnifies and holds harmless the Facility Agent, each Lender and each of their respective Affiliates and their respective officers, advisors, directors and employees (collectively, the “Indemnified Parties”) from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party (including, without limitation, in connection with any investigation, litigation or proceeding or the preparation of a defense in connection therewith), in each case arising out of or in connection with or by reason of this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby or any actual or proposed use of the proceeds of the Loans (collectively, the “Indemnified Liabilities”), except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Indemnified Party’s gross negligence or willful misconduct or the material breach by such Indemnified Party of its obligations under this Agreement, any other Loan Document,

the BpiFAE Insurance Policy or Interest Stabilisation Agreement and which breach is not attributable to the Borrower's own breach of the terms of this Agreement or any other Loan Document or is a claim, damage, loss, liability or expense which would have been compensated under other provisions of the Loan Documents but for any exclusions applicable thereunder.

In the case of an investigation, litigation or other proceeding to which the indemnity in this paragraph applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, any of its directors, security holders or creditors, an Indemnified Party or any other person or an Indemnified Party is otherwise a party thereto. Each Indemnified Party shall (a) furnish the Borrower with prompt notice of any action, suit or other claim covered by this [Section 11.4](#), (b) not agree to any settlement or compromise of any such action, suit or claim without the Borrower's prior consent, (c) shall cooperate fully in the Borrower's defense of any such action, suit or other claim (provided that the Borrower shall reimburse such indemnified party for its reasonable out-of-pocket expenses incurred pursuant hereto) and (d) at the Borrower's request, permit the Borrower to assume control of the defense of any such claim, other than regulatory, supervisory or similar investigations, provided that (i) the Borrower acknowledges in writing its obligations to indemnify the Indemnified Party in accordance with the terms herein in connection with such claims, (ii) the Borrower shall keep the Indemnified Party fully informed with respect to the conduct of the defense of such claim, (iii) the Borrower shall consult in good faith with the Indemnified Party (from time to time and before taking any material decision) about the conduct of the defense of such claim, (iv) the Borrower shall conduct the defense of such claim properly and diligently taking into account its own interests and those of the Indemnified Party, (v) the Borrower shall employ counsel reasonably acceptable to the Indemnified Party and at the Borrower's expense, and (vi) the Borrower shall not enter into a settlement with respect to such claim unless either (A) such settlement involves only the payment of a monetary sum, does not include any performance by or an admission of liability or responsibility on the part of the Indemnified Party, and contains a provision unconditionally releasing the Indemnified Party and each other indemnified party from, and holding all such persons harmless, against, all liability in respect of claims by any releasing party or (B) the Indemnified Party provides written consent to such settlement (such consent not to be unreasonably withheld or delayed). Notwithstanding the Borrower's election to assume the defense of such action, the Indemnified Party shall have the right to employ separate counsel and to participate in the defense of such action and the Borrower shall bear the fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the Borrower to represent the Indemnified Party would present such counsel with an actual or potential conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the Borrower and the Indemnified Party and the Indemnified Party shall have concluded that there may be legal defenses available to it which are different from or additional to those available to the Borrower and determined that it is necessary to employ separate counsel in order to pursue such defenses (in which case the Borrower shall not have the right to assume the defense of such action on the Indemnified Party's behalf), (iii) the Borrower shall not have employed counsel reasonably acceptable to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iv) the Borrower authorizes the Indemnified Party to employ separate counsel at the Borrower's expense. The Borrower acknowledges that none of the Indemnified Parties shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the Borrower or any of its security holders or creditors for or in connection with the transactions

contemplated hereby, except to the extent such liability is determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Indemnified Party's gross negligence or willful misconduct. In no event, however, shall any Indemnified Party be liable on any theory of liability for any special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings). If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 11.5. Survival. The obligations of the Borrower under Sections 4.3, 4.4, 4.5, 4.6, 4.7, 11.3 and 11.4 and the obligations of the Lenders under Section 10.1, shall in each case survive any termination of this Agreement and the payment in full of all Obligations. The representations and warranties made by the Borrower in this Agreement and in each other Loan Document shall survive the execution and delivery of this Agreement and each such other Loan Document.

SECTION 11.6. Severability. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 11.7. Headings. The various headings of this Agreement and of each other Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or such other Loan Document or any provisions hereof or thereof.

SECTION 11.8. Execution in Counterparts, Effectiveness, etc. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. This Agreement, as a novated and amended Agreement, shall become effective upon the occurrence of the Novation Effective Time under, and as defined in, the Novation Agreement.

SECTION 11.9. Third Party Rights. Notwithstanding the provisions of the Contracts (Rights of Third Parties) Act 1999, no term of this Agreement is enforceable by a person who is not a party to it with the exception of BpiFAE and Natixis.

SECTION 11.10. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided that:

- a) except to the extent permitted under Section 7.2.6, the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of the Facility Agent, each Lender and BpiFAE; and
- b) the rights of sale, assignment and transfer of the Lenders are subject to Section 11.11.

SECTION 11.11. Sale and Transfer of the Loan; Participations in the Loan. Each Lender may assign its Percentage or portion of the Loan to one or more other Persons (a “New Lender”), or sell participations in its Percentage or portion of the Loan to one or more other Persons; provided that, in the case of assignments where the Fixed Rate applies, such New Lender (other than BpiFAE or CAFFIL as assignee of all or any of SFIL’s rights as Lender following the enforcement of the security granted pursuant to paragraph (iv) of Section 11.11.1 in connection with the BpiFAE Enhanced Guarantee, and subject as provided in Section 11.11.1(iv)) enters into an Interest Stabilisation Agreement.

SECTION 11.11.1. Assignments

(i) Any Lender with the prior written consents of the Borrower and the Facility Agent (which consents shall not be unreasonably delayed or withheld and which consent, in the case of the Borrower, shall be deemed to have been given in the absence of a written notice delivered by the Borrower to the Facility Agent, on or before the fifth Business Day after receipt by the Borrower of such Lender’s request for consent, stating, in reasonable detail, the reasons why the Borrower proposes to withhold such consent) may at any time (and from time to time) assign or transfer to one or more commercial banks or other financial institutions all or any fraction of such Lender’s portion of the Loan.

(ii) Any Lender, with notice to the Borrower and the Facility Agent, and, notwithstanding the foregoing clause (i), without the consent of the Borrower, or the Facility Agent may assign or transfer (A) to any of its Affiliates, (B) to SFIL or (C) following the occurrence and during the continuance of an Event of Default under Sections 8.1.1, 8.1.4(a) or 8.1.5, to any other Person, in each case, all or any fraction of such Lender’s portion of the Loan.

(iii) Any Lender may (notwithstanding the foregoing clauses, and without notice to, or consent from, the Borrower or the Facility Agent) assign or charge all or any fraction of its portion of the Loan to any federal reserve or central bank as collateral security in connection with the extension of credit or support by such federal reserve or central bank to such Lender.

(iv) SFIL may (notwithstanding the foregoing clauses, and without notice to, or consent from, the Borrower or the Facility Agent) assign, charge or otherwise grant security over all or any fraction of its portion of the Loan and of its rights as Lender to CAFFIL as collateral security in connection with the extension of credit or support by CAFFIL to SFIL in respect of this Agreement and the BpiFAE Enhanced Guarantee, provided that at the time of the assignment, charge or grant of security CAFFIL is an Affiliate of SFIL and that such assignment, charge or other security is on terms that (i) CAFFIL shall not have any rights to assign, charge or grant any security over such rights to any other person (other than to BpiFAE pursuant to and in accordance with the BpiFAE Enhanced Guarantee) without the prior written consent of the Borrower, (ii) CAFFIL shall only be entitled to enforce its rights under such assignment, charge or other security without the prior written consent of the Borrower if at that time it remains an Affiliate of SFIL, (iii) prior to any enforcement such assignment, charge or other security, the Borrower and the Facility Agent shall continue to deal solely and directly with SFIL in connection with its rights and obligations as Lender under this Agreement and other Loan Documents (subject to any payment instructions given by SFIL), (iv) for the avoidance of doubt, the Borrower’s rights and obligations under this

Agreement shall not be increased or affected (including, without limitation, the right to pay Fixed Rate under Section 3.3.1) as a result of such assignment, charge or security or any enforcement thereof, (v) the Borrower shall not be liable to pay any amount under Sections 4.2(c), 4.3, 4.4, 4.5, 4.6 and 4.7 that is greater than the amount which it would have been required to pay to SFIL had no such assignment, charge or other security been granted and (vi) without prejudice to SFIL's obligations under that Section, CAFFIL shall be bound by the confidentiality provisions set forth in Section 11.15, in relation to any information to which it applies to the same extent as required of the Lenders. For the avoidance of doubt: (A) if CAFFIL becomes a Lender under this Agreement in respect of any portion of the Loan following enforcement of any assignment, charge or other security granted to it by SFIL pursuant to this Section 11.11.1(iv), it shall have the same rights to assign or transfer all or any fraction of such portion of the Loan on and subject to the same terms and conditions as are set forth in this Agreement for assignments and transfers by other Lenders and (B) CAFFIL may not enforce its rights under any such assignment, charge or other security by assigning or transferring all or any fraction of SFIL's portion of the Loan or any of its rights or obligations under this Agreement or other Loan Documents except pursuant to an assignment or transfer to a commercial bank or other financial institution on and subject to the same terms and conditions as are set forth in this Agreement for assignments and transfers by Lenders.

(v) No Lender may (notwithstanding the foregoing clauses) assign or transfer any of its rights under this Agreement unless it has given prior written notification of the transfer to BpiFAE and (if the Loan is accruing interest at the Fixed Rate) Natixis DAI and has obtained a prior written consent from BpiFAE and Natixis DAI and any Assignee Lender (other than BpiFAE and CAFFIL as assignee of all or any of SFIL's rights as Lender following the enforcement of the security granted pursuant to paragraph (iv) of Section 11.11.1 in connection with the BpiFAE Enhanced Guarantee, subject as provided in Section 11.11.1(iv)) is, if the Fixed Rate applies, eligible to benefit from the CIRR stabilisation. Any assignment or transfer shall comply with the terms of the BpiFAE Insurance Policy.

(vi) Nothing in this Section 11.11.1 shall prejudice the right of the Lender to assign its rights under this Agreement to BpiFAE, if such assignment is required to be made by that Lender to BpiFAE in accordance with the BpiFAE Insurance Policy or the BpiFAE Enhanced Guarantee or, if the Lender is SFIL, to CAFFIL (but only if CAFFIL is, at that time, an Affiliate of SFIL) upon the enforcement of any security granted pursuant, and subject to the provisions of paragraph (iv) of Section 11.11.1, in connection with the BpiFAE Enhanced Guarantee.

Each Person described in the foregoing clauses as being the Person to whom such assignment or transfer is to be made, is hereinafter referred to as an "Assignee Lender". Assignments in a minimum aggregate amount of \$25,000,000 (or, if less, all of such Lender's portion of the Loan and Commitment) (which assignment or transfer shall be of a constant, and not a varying, percentage of such Lender's portion of the Loan) are permitted; provided that the Borrower and the Facility Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned or transferred to an Assignee Lender until:

- a) written notice of such assignment or transfer, together with payment instructions, addresses and related information with respect to such Assignee Lender, shall

have been given to the Borrower and the Facility Agent by such Lender and such Assignee Lender;

- b) such Assignee Lender shall have executed and delivered to the Borrower and the Facility Agent a Lender Assignment Agreement, accepted by the Facility Agent and any other agreements required by the Facility Agent or, if the Fixed Rate applies, Natixis in connection therewith; and
- c) the processing fees described below shall have been paid.

From and after the date that the Facility Agent accepts such Lender Assignment Agreement, (x) the Assignee Lender thereunder shall be deemed automatically to have become a party hereto and to the extent that rights and obligations hereunder have been assigned or transferred to such Assignee Lender in connection with such Lender Assignment Agreement, shall have the rights and obligations of a Lender hereunder and under the other Loan Documents, and (y) the assignor Lender, to the extent that rights and obligations hereunder have been assigned or transferred by it, shall be released from its obligations hereunder and under the other Loan Documents, other than any obligations arising prior to the effective date of such assignment. Except to the extent resulting from a subsequent change in law, in no event shall the Borrower be required to pay to any Assignee Lender any amount under Sections 4.2(c), 4.3, 4.4, 4.5, 4.6 and 4.7 that is greater than the amount which it would have been required to pay had no such assignment been made. Such assignor Lender or such Assignee Lender must also pay a processing fee to the Facility Agent upon delivery of any Lender Assignment Agreement in the amount of \$5,000 (and shall also reimburse the Facility Agent and Natixis for any reasonable out-of-pocket costs, including reasonable attorneys' fees and expenses, incurred in connection with the assignment).

SECTION 11.11.2. Participations. Any Lender may at any time sell to one or more commercial banks or other financial institutions (each of such commercial banks and other financial institutions being herein called a "Participant") participating interests in its Loan; provided that:

- a) no participation contemplated in this Section 11.11.2 shall relieve such Lender from its obligations hereunder;
- b) such Lender shall remain solely responsible for the performance of its obligations hereunder;
- c) the Borrower and the Facility Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each of the other Loan Documents;
- d) no Participant, unless such Participant is an Affiliate of such Lender, shall be entitled to require such Lender to take or refrain from taking any action hereunder or under any other Loan Document, except that such Lender may agree with any Participant that such Lender will not, without such Participant's consent, take any actions of the type described in clauses (b) through (f) of Section 11.1;

- e) the Borrower shall not be required to pay any amount under Sections 4.2(c), 4.3, 4.4, 4.5, 4.6 and 4.7 that is greater than the amount which it would have been required to pay had no participating interest been sold; and
- f) each Lender that sells a participation under this Section 11.11.2 shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts of (and stated interest on) each of the Participant's interest in that Lender's portion of the Loan, Commitments or other interests hereunder (the "Participant Register"). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender may treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes hereunder.

The Borrower acknowledges and agrees that each Participant, for purposes of Sections 4.2(c), 4.3, 4.4, 4.5, 4.6 and clause (e) of 7.1.1, shall be considered a Lender.

SECTION 11.11.3. Register. The Facility Agent shall maintain at its address referred to in Section 11.2 a copy of each Lender Assignment Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment(s) of, and principal amount of the Loan owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Facility Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

SECTION 11.11.4. Rights of BpiFAE to payments. The Borrower acknowledges that, immediately upon any payment by BpiFAE (i) of any amounts to a Lender under the BpiFAE Insurance Policy, BpiFAE will be automatically subrogated to the extent of such payment to the rights of that Lender under the Loan Documents or (ii) of any amount under the BpiFAE Enhanced Guarantee and the enforcement of any related security granted by SFIL to any of its Affiliates, which may benefit BpiFAE after payment by BpiFAE under the BpiFAE Enhanced Guarantee, BpiFAE will be automatically entitled to receive the payments normally due to SFIL under the Loan Documents (but, for the avoidance of doubt, such payments shall continue to be made by the Borrower to the Facility Agent in accordance with the provisions of Section 4.8 or any other relevant provisions of this Agreement, as applicable).

SECTION 11.12. Other Transactions. Nothing contained herein shall preclude the Facility Agent or any Lender from engaging in any transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 11.13. BpiFAE Insurance Policy.

SECTION 11.13.1. Terms of BpiFAE Insurance Policy

- a) The BpiFAE Insurance Policy will cover 100% of the Loan.
- b) The BpiFAE Premium will equal 2.35% of the aggregate principal amount of the Loan as at the Actual Delivery Date.
- c) If, after the Actual Delivery Date, the Borrower prepays all or part of the Loan in accordance with this Agreement, BpiFAE shall reimburse to the ECA Agent for the account of the Borrower an amount equal to 80% of all or a corresponding proportion of the unexpired portion of the BpiFAE Premium, having regard to the amount of the prepayment and the remaining term of the Loan, such amount to be calculated in accordance with the following formula:

$$R = P \times (1 - (1 / (1+2.35\%)) \times (N / (12 * 365))) \times 80\%$$

where:

“R” means the amount of the refund;

“P” means the amount of the prepayment;

“N” means the number of days between the effective prepayment date and Final Maturity; and

$P \times (1 - (1 / (1+2.35\%)))$ corresponds to the share of the financed BpiFAE Premium corresponding to P.

SECTION 11.13.2. Obligations of the Borrower. Provided that the BpiFAE Insurance Policy complies with Section 11.13.1 and remains in full force and effect, the Borrower shall pay the balance of the BpiFAE Premium calculated in accordance with Section 11.3.1(b) and still owing to BpiFAE on the Actual Delivery Date to BpiFAE on the Actual Delivery Date by directing the Agent in the Loan Request to pay the Additional Advance in respect of the BpiFAE Premium directly to BpiFAE.

SECTION 11.13.3. Obligations of the ECA Agent and the Lenders.

- a) Promptly upon receipt of the BpiFAE Insurance Policy from BpiFAE, the ECA Agent shall (subject to any confidentiality undertakings given to BpiFAE by the ECA Agent pursuant to the terms of the BpiFAE Insurance Policy) send a copy thereof to the Borrower.
- b) The ECA Agent shall perform such acts or provide such information, which are, acting reasonably, within its power so to perform or so to provide, as required by BpiFAE under the BpiFAE Insurance Policy as necessary to ensure that the Lenders obtain the support of BpiFAE pursuant to the BpiFAE Insurance Policy.
- c) Each Lender will co-operate with the ECA Agent, the Facility Agent and each other Lender, and take such action and/or refrain from taking such action as may be reasonably necessary, to ensure that the BpiFAE Insurance Policy and each Interest Stabilisation Agreement continues in full force and effect and shall

indemnify and hold harmless each other Lender in the event that the BpiFAE Insurance Policy or such Interest Stabilisation Agreement (as the case may be) does not continue in full force and effect due to its gross negligence or willful default or due to a voluntary change in status which results in it no longer being eligible for CIRR interest stabilisation.

d) The ECA Agent shall:

(i) make written requests to BpiFAE seeking a reimbursement of the BpiFAE Premium in the circumstances described in Section 11.13.1(c) promptly after the relevant cancellation or prepayment and (subject to any confidentiality undertakings given to BpiFAE by the ECA Agent pursuant to the terms of the BpiFAE Insurance Policy) provide a copy of the request to the Borrower;

(ii) use its reasonable endeavours to maximize the amount of any reimbursement of the BpiFAE Premium to which the ECA Agent is entitled;

(iii) pay to the Borrower (in the same currency as the refund received from BpiFAE) the full amount of any reimbursement of the BpiFAE Premium that the ECA Agent receives from BpiFAE within two (2) Business Days of receipt with same day value; and

(iv) relay the good faith concerns of the Borrower to BpiFAE regarding the amount of any reimbursement to which the ECA Agent is entitled, it being agreed that the ECA Agent's obligation shall be no greater than simply to pass on to BpiFAE the Borrower's concerns.

SECTION 11.14. Law and Jurisdiction

SECTION 11.14.1. Governing Law. This Agreement and any non-contractual obligations arising out of or in respect of this Agreement shall in all respects be governed by and interpreted in accordance with English Law.

SECTION 11.14.2. Jurisdiction. For the exclusive benefit of the Facility Agent and the Lenders, the parties to this Agreement irrevocably agree that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that any proceedings may be brought in those courts. The Borrower irrevocably waives any objection which it may now or in the future have to the laying of the venue of any proceedings in any court referred to in this Section, and any claim that those proceedings have been brought in an inconvenient or inappropriate forum.

SECTION 11.14.3. Alternative Jurisdiction. Nothing contained in this Section shall limit the right of the Facility Agent or the Lenders to commence any proceedings against the Borrower in any other court of competent jurisdiction nor shall the commencement of any proceedings against the Borrower in one or more jurisdictions preclude the commencement of any proceedings in any other jurisdiction, whether concurrently or not.

SECTION 11.14.4. Service of Process. Without prejudice to the right of the Facility Agent or the Lenders to use any other method of service permitted by

law, the Borrower irrevocably agrees that any writ, notice, judgment or other legal process shall be sufficiently served on it if addressed to it and left at or sent by post to RCL Cruises Ltd., presently at Building 3, The Heights – Brooklands, Weybridge, Surrey, KT13 ONY, Attention: General Counsel, and in that event shall be conclusively deemed to have been served at the time of leaving or, if posted, at 9:00 am on the third Business Day after posting by prepaid first class registered post.

SECTION 11.15. Confidentiality. Each of the Facility Agent and the Lenders agrees to maintain and to cause its Affiliates to maintain the confidentiality of all information provided to it by the Borrower or any Subsidiary of the Borrower, or by the Facility Agent on the Borrower's or such Subsidiary's behalf, under this Agreement, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement or in connection with other business now or hereafter existing or contemplated with the Borrower or any Subsidiary, except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by it or its Affiliates or their respective directors, officers, employees and agents, or (ii) was or becomes available on a non-confidential basis from a source other than the Borrower or any of its Subsidiaries so long as such source is not, to its knowledge, prohibited from disclosing such information by a legal, contractual or fiduciary obligation to the Borrower or any of its Affiliates; provided, however, that it may disclose such information (A) at the request or pursuant to any requirement of any self-regulatory body, governmental body, agency or official to which the Facility Agent, any Lender or any of their respective Affiliates is subject or in connection with an examination of the Facility Agent, such Lender or any of their respective Affiliates by any such authority or body, including without limitation the Republic of France and any French Authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable requirement of law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Facility Agent, any Lender or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder; (F) to the Facility Agent or such Lender's independent auditors, counsel, and any other professional advisors of the Facility Agent or such Lender who are advised of the confidentiality of such information; (G) to any participant or assignee, provided that such Person agrees to keep such information confidential to the same extent required of the Facility Agent and the Lenders hereunder; (H) as to the Facility Agent, any Lender or their respective Affiliates, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Borrower or any Subsidiary is party with the Facility Agent, such Lender or such Affiliate; (I) to its Affiliates and its Affiliates' directors, officers, employees, professional advisors and agents, provided that each such Affiliate, director, officer, employee, professional advisor or agent shall keep such information confidential to the same extent required of the Facility Agent and the Lenders hereunder; (J) to any other party to the Agreement and (K) to the French Authorities and any Person to whom information is required to be disclosed by the French Authorities. Each of the Facility Agent and the Lenders shall be responsible for any breach of this Section 11.15 by any of its Affiliates or any of its or its Affiliates' directors, officers, employees, professional advisors and agents.

SECTION 11.16. French Authority Requirements. The Borrower acknowledges that:

- a) the Republic of France and any French Authority or any authorised representatives specified by these bodies shall be authorised at any time to inspect and make or demand copies of the records, accounts, documents and other deeds of any or all of the Lenders relating to this Agreement;
- b) in the course of its activity as the Facility Agent, the Facility Agent may:
 - (i) provide the Republic of France and any French Authority with information concerning the transactions to be handled by it under this Agreement; and
 - (ii) disclose information concerning the subsidized transaction contemplated by this Agreement in the context of internationally agreed consultation/notification proceedings and statutory specifications, including information received from the Lenders relating to this Agreement.

SECTION 11.17. Waiver of immunity. To the extent that the Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its assets, the Borrower hereby irrevocably waives such immunity in respect of its obligations under this Agreement and the other Loan Documents.

SECTION 11.18. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- b) the effects of any Bail-in Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Hull No. K34 Credit Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

ROYAL CARIBBEAN CRUISES LTD.

By _____
Name:
Title:

Address: 1050 Caribbean Way
Miami, Florida 33132
Facsimile No.: (305) 539-0562
Email: agibson@rccl.com
bstein@rccl.com
Attention: Vice President, Treasurer
With a copy to: General Counsel

SUMITOMO MITSUI BANKING CORPORATION EUROPE
LIMITED, PARIS BRANCH as ECA Agent and a Lender

Commitment

4.25% of the Maximum Loan Amount

By _____
Name:
Title:

1/3/5 rue Paul Cézanne
75008 Paris
France

Attention: Cedric Le Duigou
Guillaume Branco
Cam Truong
Claire Lucien

Fax No: +33 1 44 90 48 01

Tel No:

Cedric Le Duigou: +33 1 44 90 48 83

Guillaume Branco: +33 1 44 90 48 71

Cam Truong: +33 1 44 90 48 51

Claire Lucien: +33 1 44 90 48 49

Helene Ly: +33 1 44 90 48 76

E-mail :

cedric_leduigou@fr.smbcgroup.com

guillaume_branco@fr.smbcgroup.com

cam_truong@fr.smbcgroup.com

claire_lucien@fr.smbcgroup.com

helene_ly@fr.smbcgroup.com

FRPAGTFD@fr.smbcgroup.com

CITIBANK N.A., LONDON BRANCH as Global Coordinator and a Lender

Commitment

21% of the Maximum Loan Amount

By _____
Name:
Title:

Citigroup Centre
Canada Square
London E14 5LB
United Kingdom

Attention: Guido Cicolani
Cristiana Ilievici
Konstantinos Frangos
Kara Catt
Romina Coates

Fax No: +44 20 7986 4881
Tel No: +44 20 7986 3035 /
+44 20 7508 0344
+44 20 7986 4824
+44 20 7986 5017

E-mail:
guido.cicolani@citi.com
Cristiana.ilievici@citi.com
konstantinos.frangos@citi.com
kara.catt@citi.com
romina.coates@citi.com

BANCO BILBAO VIZCAYA ARGENTARIA, PARIS BRANCH as
Lender

Commitment

0.75% of the Maximum Loan Amount

By _____
Name:
Title:

29 avenue de l'Opéra
75001 Paris
France

Attention:

David Peyroux
Laura Luca de Tena
Maria Merodio

Fax No:

+33 1 44 86 84 45

Tel No:

+33 1 44 86 83 98 /
+33 1 44 86 83 21 /
+33 1 44 86 84 45

Email:

david.peyroux@bbva.com /
laura.luca@bbva.com /
asuncion.merodio@bbva.com

Commitment

15% of the Maximum Loan Amount

By _____
Name:
Title:

Lending Office:

374, rue Saint-Honoré
75001 Paris
France

Operational address:

Ciudad Financiera
Avenida de Cantabria s/n
Edificio Encinar 2a planta
28600 Boadilla del Monte
Spain

Fax No: +34 91 257 1682

Attention: Elise Regnault
Beatriz de la Mata
Ecaterina Mucuta
Vanessa Berrio Vélez
Ana Sanz Gómez

Tel No: +34 912893722
+1 212-297-2942
+33 1 53 53 70 46
+34 91 289 10 28
+34 91 289 17 90

E-mail:
elise.regnault@gruposantander.com
bdelamata@santander.us
ecaterina.mucuta@gruposantander.com
vaberrio@gruposantander.com
anasanz@gruposantander.com

Commitment

5.3% of the Maximum Loan Amount

By _____
Name:
Title:

HSBC France – Global Banking Agency
Operations (GBO) Transaction
Manager Unit
103 avenue des Champs Elysées
75008 Paris
France

Attention: Guillaume Gladu
Alexandra Penda

Fax No: + 33 1 40 70 28 80
Tel No: + 33 1 40 70 73 81 /
+ 33 1 41 02 67 50

E-mail:
Guillaume.gladu@hsbc.fr
alexandra.penda@hsbc.fr

Copy to:

HSBC France
103 avenue des Champs Elysées
75008 Paris
France

Attention: Julie Bellais
Celine Karsenty

Fax No: + 33 1 40 70 78 93
Tel No: + 33 1 40 70 28 59 /
+ 33 1 40 70 22 97

E-mail:
julie.bellais@hsbc.fr
celine.karsenty@hsbc.fr

Commitment

11.52% of the Maximum Loan Amount

By _____
Name:
Title:

Lending Office:

29 Boulevard Haussmann
75009 Paris
France

Address for Operational / Servicing matters:

Attention: Mouna KHACHABI

Société Générale
189, rue d'Aubervilliers
75886 PARIS CEDEX 18
France

Tel No: +33 1 58 98 30 78

Email : mouna.khachabi@sgcib.com;
par-oper-caf-dmt6@sgcib.com;

For Credit matters:

OPER/FIN/SMO/EXT

Attention: Olivier Gueguen and Muriel Baumann

Tel No: +33 (0)1 42 13 07 52 / +33 (0)1 58 98 22 761

Fax No: +33 1 46 92 45 97

Email: muriel.baumann@sgcib.com
olivier.gueguen@sgcib.com

SFIL as Lender

Commitment

42.23% of the Maximum Loan Amount

By _____
Name:
Title:

1-3, rue de Passeur de Boulogne – CS 80054
92861 Issy-les-Moulineaux Cedex 9
France

Contact Person
Loan Administration Department:
Direction du Crédit Export:
Pierre-Marie Debreuille / Anne Crépin
Direction des Opérations:
Dominique Brossard / Patrick Sick

Telephone:
Pierre-Marie Debreuille
+33 1 73 28 87 64
Anne Crépin +33 1 73 28 88 59
Dominique Brossard +33 1 73 28 91 93
Patrick Sick +33 1 73 28 87 66

Email:
pierre-marie.debreuille@sfil.fr
anne.crepin@sfil.fr
dominique.brossard@sfil.fr
patrick.sick@sfil.fr
refinancements-export@sfil.fr creditexport_ops@sfil.fr

Fax: + 33 1 73 28 85 04

CITIBANK EUROPE PLC, UK BRANCH
as Facility Agent

By _____
Name:
Title:

5th Floor Citigroup Centre
Mail drop CGC2 05-65
25 Canada Square Canary Wharf
London E14 5LB
U.K.

Fax no.: +44 20 7492 3980
Attention: EMEA Loans Agency

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Part B
(New Exhibits E-1 and E-2)

DELIVERY NON-YARD COSTS CERTIFICATE

To: Citibank Europe plc, UK Branch
as Facility Agent

Date:

2018

Hull No. K34 at Chantiers de l'Atlantique S.A. (previously known as STX France S.A.) (the "Vessel")

We Royal Caribbean Cruises Ltd., a Liberian corporation registered with the Ministry of Foreign Affairs of the Republic of Liberia under number C-38863, whose registered office is at 80 Broad Street, Monrovia, Republic of Liberia, and whose principal office is at 1050 Caribbean Way, Miami, Florida 33132, United States of America ("RCCL"), refer to the facility agreement dated 22 June 2016 (as novated, amended and restated on the Actual Delivery Date pursuant to a novation agreement dated 22 June 2016 (as amended)) entered into between RCCL, as borrower, Citibank N.A., London Branch as global coordinator, Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch, as ECA agent, Citibank Europe plc, UK Branch, as Facility Agent, the mandated lead arrangers referred to therein and the banks and financial institutions referred to therein as lenders, regarding the Vessel (the "Facility Agreement").

Words and expressions defined in the Facility Agreement shall have the same meanings when used in this Delivery Non-Yard Costs Certificate unless the context otherwise requires.

This is the Delivery Non-Yard Costs Certificate referred to in the Facility Agreement.

We hereby confirm on the date hereof that:

- 1 we have paid an amount equal to EUR [•] to the relevant suppliers of equipment and/or services relating to the Non-Yard Costs;
- 2 an amount of EUR [•] remains payable to the relevant suppliers of equipment and/or services relating to the Non-Yard Costs;
- 3 the aggregate of the amounts in paragraphs 1 and 2 above is not more than the Maximum Non-Yard Costs Amount; and
- 4 the equipment and/or services relating to the Non-Yard Costs paid by us prior to the Actual Delivery Date and referred to in paragraph 1 above to the relevant suppliers have been properly supplied, installed and completed on the Vessel, as applicable and, in addition and to the best of our knowledge, [•] per cent. ([•]%) of the equipment and/or services relating to the Non-Yard Costs have been supplied, installed and completed on the Vessel and accordingly in excess of eighty per cent. (80%) of the equipment and/or services relating to the Non-Yard Costs have been supplied, installed and completed on the Vessel.

ROYAL CARIBBEAN CRUISES LTD.

Name:

Position:

Chantiers de l'Atlantique S.A. hereby acknowledges the contents of paragraph 4 of this Certificate by countersignature:

CHANTIERS DE L'ATLANTIQUE S.A.

Name:

Position:

FINAL NON-YARD COSTS CERTIFICATE

Date: [●]

To: Citibank Europe plc, UK Branch
as Facility Agent

Hull No. K34 at Chantiers de l'Atlantique S.A. (previously known as STX France S.A.) (the "Vessel")

We Royal Caribbean Cruises Ltd., a Liberian corporation registered with the Ministry of Foreign Affairs of the Republic of Liberia under number C-38863, whose registered office is at 80 Broad Street, Monrovia, Republic of Liberia, and whose principal office is at 1050 Caribbean Way, Miami, Florida 33132, United States of America ("RCCL"), refer to the facility agreement dated 22 June 2016 (as novated, amended and restated on the Actual Delivery Date pursuant to a novation agreement dated 22 June 2016 (as amended)) entered into between RCCL, as borrower, Citibank N.A., London Branch as global coordinator, Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch, as ECA agent, Citibank Europe plc, UK Branch, as Facility Agent, the mandated lead arrangers referred to therein and the banks and financial institutions referred to therein as lenders, regarding the Vessel (the "**Facility Agreement**").

Words and expressions defined in the Facility Agreement shall have the same meanings when used in this Final Non-Yard Costs Certificate unless the context otherwise requires.

This is the Final Non-Yard Costs Certificate referred to in the Facility Agreement.

We hereby confirm on the date hereof that:

- 1 we have paid EUR [●] to the relevant suppliers of equipment and/or services relating to the Non-Yard Costs (representing an additional amount of EUR [●] from the amount referred to in paragraph 1 of the Delivery Non-Yard Costs Certificate); and
- 2 the equipment and/or services relating to the Non-Yard Costs paid by us as at the date hereof and referred to in paragraph 1 above to the relevant suppliers have been properly supplied, installed and completed on the Vessel, as applicable.

ROYAL CARIBBEAN CRUISES LTD.

Name: [●]

Position: [●]

Schedule 5

Amendments to Agency and Trust Deed

The Agency and Trust Deed shall be amended and restated in accordance with the form of amended and restated Agency and Trust Deed set out in the Annex to this Schedule.

Annex to Schedule 5

Form of Amended and Restated Agency and Trust Deed

Dated 22 June 2016

(as amended and restated by a First
Supplemental Agreement dated
5 October 2018)

- CITIBANK EUROPE PLC, UK BRANCH** (1)
as Facility Agent
- CITICORP TRUSTEE COMPANY LIMITED** (2)
as Security Trustee
- CITIBANK N.A., LONDON BRANCH** (3)
as Global Coordinator
- SUMITOMO MITSUI BANKING CORPORATION** (4)
EUROPE LIMITED, PARIS BRANCH
as ECA Agent
- BANCO BILBAO VIZCAYA ARGENTARIA, PARIS BRANCH, BANCO SANTANDER, S.A.**
PARIS BRANCH, CITIBANK N.A., LONDON BRANCH, HSBC FRANCE,
SOCIÉTÉ GÉNÉRALE and SUMITOMO MITSUI BANKING
CORPORATION EUROPE LIMITED, PARIS BRANCH
- as Mandated Lead Arrangers** (5)
- THE BANKS AND FINANCIAL INSTITUTIONS**
LISTED IN SCHEDULE 1 (6)
as Lenders
- and**
- ROYAL CARIBBEAN CRUISES LTD.** (7)
as Borrower

AGENCY AND TRUST DEED

NORTON ROSE FULBRIGHT

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THIS AGREEMENT is dated 22 June 2016 (as amended and restated by a first supplemental agreement dated 5 October 2018) and made **BETWEEN:**

- (1) **CITIBANK EUROPE PLC, UK BRANCH**, as Facility Agent;
- (2) **CITICORP TRUSTEE COMPANY LIMITED**, as Security Trustee;
- (3) **CITIBANK N.A., LONDON BRANCH**, as Global Coordinator;
- (4) **SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED, PARIS BRANCH**, as ECA Agent;
- (5) **BANCO BILBAO VIZCAYA ARGENTARIA, PARIS BRANCH, BANCO SANTANDER, S.A. PARIS BRANCH, CITIBANK N.A., LONDON BRANCH, HSBC FRANCE, SOCIÉTÉ GÉNÉRALE** and **SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED, PARIS BRANCH**, as Mandated Lead Arrangers;
- (6) **THE BANKS AND FINANCIAL INSTITUTIONS LISTED IN SCHEDULE 1**, as Lenders; and
- (7) **ROYAL CARIBBEAN CRUISES LTD.**, as Borrower.

1 Introduction, definitions and interpretation

Introduction

1.1 The parties are entering into this Agreement in connection with:

- (a) a facility agreement dated 22 June 2016 (the **Original Facility Agreement**) relating to a loan of up to an aggregate amount of €555,288,000 and made between (1) Azairemia Finance Limited as original borrower, (2) Citibank Europe plc, UK Branch as Facility Agent, (3) Citicorp Trustee Company Limited as Security Trustee, (4) Citibank N.A., London Branch as Global Coordinator, (5) HSBC France as French Coordinating Bank, (6) Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch as ECA Agent, (7) the Mandated Lead Arrangers and (8) the banks and financial institutions listed in Schedule 1 as Lenders, as novated and amended and restated by the novation agreement dated 22 June 2016 (as supplemented and amended, the **Novation Agreement** (the Original Facility Agreement as novated and amended and restated by the Novation Agreement, the **Facility Agreement**)) between the parties to the Original Facility Agreement and the Borrower; and
- (b) the Escrow Account Security,

in order, inter alia, to provide for the appointment of Citicorp Trustee Company Limited as Security Trustee.

Definitions

1.2 Words and expressions defined in the Facility Agreement (including words and expressions defined by reference to another document) shall, unless the context otherwise requires or unless otherwise defined herein, have the same meanings when used herein. In addition, in this Agreement:

Affiliate means in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Agents means each of the Facility Agent, the ECA Agent and the Security Trustee and **Agent** shall mean any of them.

Charged Assets means any property, assets and/or rights over which security is granted and/or created under the Escrow Account Security.

ECA Agent means Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch acting as export credit agent pursuant to this Agreement for itself and any other banks or financial institutions who are or may become Lenders in the future.

Enforcement Date means the first date on which active steps are taken to enforce and/or realise the security or other assurances created or conferred by the Escrow Account Security.

Escrow Account Security shall have the meaning given to it in the Facility Agreement and shall, when used herein, be deemed to include any Further Assurance Deed.

Expenses means the aggregate at any relevant time (to the extent that the same has not been received or recovered by the Security Trustee) of:

- (a) all duly evidenced expenses (including, in particular, legal, insurance adviser, printing, out of pocket expenses and late payment interest) properly incurred and any cost, loss (excluding loss of profit) or liability sustained or incurred by the Security Trustee or any Receiver in connection with the exercise of the powers referred to in or granted by the Loan Documents or otherwise payable by the Borrower to the Security Trustee in accordance with any provision of any of the Loan Documents; and
- (b) interest on all such unpaid expenses, costs, losses and liabilities from the date falling ten Business Days after the date on which a demand for the same was made by the Security Trustee until the date of receipt or recovery thereof (whether before or after judgment) at the Floating Rate plus two per cent per annum.

Facility Agent means Citibank Europe plc, UK Branch acting as agent pursuant to this Agreement for itself and any other banks or financial institutions who are or may become Lenders in the future and includes its successors in title.

Finance Parties means the Lenders, the Facility Agent, the ECA Agent, the Global Coordinator and the Security Trustee.

Further Assurance Deed means any document executed or to be executed pursuant to a further assurance covenant or obligation contained in the Escrow Account Security.

Holding Company means, in relation to a person, any other person in respect of which it is a Subsidiary.

Receiver means and includes any receiver and/or manager of any of the Charged Assets appointed under the Escrow Account Security (and whether acting as agent for the Borrower or otherwise).

Release Date means the date, occurring promptly following the NYC Cut Off Date, on which the Facility Agent notifies the parties that the Escrow Account Security can be released following the withdrawal of all amounts standing to the credit of the Escrow Account in accordance with the provisions of Section 2.3f) of the Facility Agreement.

Secured Obligations means the obligations of the Borrower to the Finance Parties under the Facility Agreement and each of the other Loan Documents.

Security Trustee means Citicorp Trustee Company Limited acting as security trustee pursuant to this Agreement for itself and any banks or financial institutions who are or may become Lenders and includes its successors in title.

Trust Property means (a) the security, powers, rights, titles, benefits and interests (both present and future) constituted by and conferred on the Security Trustee under or pursuant to this Agreement and the Escrow Account Security and any notices or acknowledgements or

undertakings given in connection with the Escrow Account Security (including, without limitation, the benefit of all covenants, undertakings, representations, warranties and obligations given, made or undertaken to the Security Trustee in the Escrow Account Security), (b) all moneys, property and other assets payable, paid or transferred to or vested in the Security Trustee or any Receiver or receivable, received or recovered by the Security Trustee or any Receiver pursuant to, or in connection with, this Agreement and the Escrow Account Security and any notices or acknowledgements or undertakings given by the Borrower in connection with the Escrow Account Security from the Borrower or any other person and (c) all money, investments, property and other assets at any time representing or deriving from any of the foregoing, including all interest, income and other sums at any time received or receivable by the Security Trustee or any Receiver in respect of the same (or any part thereof).

Headings

- 1.3 Clause headings and the table of contents are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement.

Construction of certain terms

- 1.4 Clause 1.4 (*Construction*) of the Original Facility Agreement applies to this Agreement as if set out herein.

Capacity of parties

- 1.5 References in this Agreement to the Facility Agent, the Security Trustee, the ECA Agent, any Mandated Lead Arranger or any Lender and references to obligations or liabilities of any one or more such persons shall be strictly construed as references to any such person or (as the case may be) obligations or liabilities of any such person solely in its capacity as such.

Effectiveness of Required Lender decision

- 1.6 Where this Agreement, the Escrow Account Security or any Further Assurance Deed provides for any matter to be determined by reference to the opinion of the Required Lenders or to be subject to the consent or request of the Required Lenders or for any action to be taken on the instructions of the Required Lenders, such opinion, consent, request or instructions shall (as between the Lenders) only be regarded as having been validly given or issued by the Required Lenders if (a) given by the Facility Agent on their behalf and (b) all the Lenders shall have received prior notice of the matter on which such opinion, consent, request or instructions are required to be obtained and the relevant majority of Lenders shall have given or issued such opinion, consent, request or instructions but so that the Borrower and the Security Trustee shall be entitled (and bound) to assume that such notice shall have been duly received by each Lender and that the relevant majority shall have been obtained to constitute Required Lenders whether or not this is the case.

Fees, Indemnity and Costs of Security Trustee

- 1.7 It is agreed that the provisions of clause 4.6 (*Taxes*) of the Facility Agreement, clause 11.4 (*Indemnification*) of the Facility Agreement (subject to clause 1.8) and clause 5.4 (*Value Added tax*) of the Original Facility Agreement shall apply to the benefit of the Security Trustee, and the Borrower agrees to be bound by such provisions, as if the same were set out in full herein and on the basis that reference to Loan Documents therein or "amounts due thereunder" include this Agreement, the Escrow Account Security and any Further Assurance Deed or any amounts due under the foregoing. This clause 1.7 and clause 1.8 shall survive the termination of this Agreement, the Escrow Account Security and any Further Assurance Deed.
- 1.8 The following words in clause 11.4 (*Indemnification*) of the Facility Agreement are deemed deleted for the purposes of its incorporation herein under clause 1.7 and shall not apply to the Security Trustee:

- “(a) or the material breach by such Indemnified Party of its obligations under this Agreement, any other Loan Document, the BpiFAE Insurance Policy or Interest Stabilisation Agreement and which breach is not attributable to the Borrower’s own breach of the terms of this Agreement or any other Loan Document”;
- “(b) Each Indemnified Party shall (a) furnish the Borrower with prompt notice of any action, suit or other claim covered by this Section 11.4, (b) not agree to any settlement or compromise of any such action, suit or claim without the Borrower’s prior consent, (c) shall cooperate fully in the Borrower’s defense of any such action, suit or other claim (provided that the Borrower shall reimburse such indemnified party for its reasonable out-of-pocket expenses incurred pursuant hereto) and (d) at the Borrower’s request, permit the Borrower to assume control of the defense of any such claim, other than regulatory, supervisory or similar investigations, provided that (i) the Borrower acknowledges in writing its obligations to indemnify the Indemnified Party in accordance with the terms herein in connection with such claims, (ii) the Borrower shall keep the Indemnified Party fully informed with respect to the conduct of the defense of such claim, (iii) the Borrower shall consult in good faith with the Indemnified Party (from time to time and before taking any material decision) about the conduct of the defense of such claim, (iv) the Borrower shall conduct the defense of such claim properly and diligently taking into account its own interests and those of the Indemnified Party, (v) the Borrower shall employ counsel reasonably acceptable to the Indemnified Party and at the Borrower’s expense, and (vi) the Borrower shall not enter into a settlement with respect to such claim unless either (A) such settlement involves only the payment of a monetary sum, does not include any performance by or an admission of liability or responsibility on the part of the Indemnified Party, and contains a provision unconditionally releasing the Indemnified Party and each other indemnified party from, and holding all such persons harmless, against, all liability in respect of claims by any releasing party or (B) the Indemnified Party provides written consent to such settlement (such consent not to be unreasonably withheld or delayed). Notwithstanding the Borrower’s election to assume the defense of such action, the Indemnified Party shall have the right to employ separate counsel and to participate in the defense of such action and the Borrower shall bear the fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the Borrower to represent the Indemnified Party would present such counsel with an actual or potential conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the Borrower and the Indemnified Party and the Indemnified Party shall have concluded that there may be legal defenses available to it which are different from or additional to those available to the Borrower and determined that it is necessary to employ separate counsel in order to pursue such defenses (in which case the Borrower shall not have the right to assume the defense of such action on the Indemnified Party’s behalf), (iii) the Borrower shall not have employed counsel reasonably acceptable to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iv) the Borrower authorizes the Indemnified Party to employ separate counsel at the Borrower’s expense.”.

2 Security Trustee

Appointment of the Security Trustee

- 2.1 Each of the Finance Parties appoints the Security Trustee as agent and trustee of the Trust Property on the terms set out in this Agreement. By virtue of such appointment, each of the Finance Parties authorises the Security Trustee (whether or not by or through employees or agents) to take such action on such Finance Party’s behalf and to exercise such rights, remedies, powers and discretions as are specifically delegated to the Security Trustee by this Agreement and/or the Escrow Account Security and any Further Assurance Deed, together with such powers and discretions as are reasonably incidental thereto.
- 2.2 It is acknowledged that the appointment of the Facility Agent and the ECA Agent for the purpose of the Facility Agreement is regulated under Article X (*The Facility Agent and the ECA Agent*) of the Facility Agreement.

Duties

- 2.3 The Security Trustee shall not have any duties, obligations or liabilities to the Lenders beyond those expressly stated in this Agreement and/or any of the Loan Documents to which it may be or become a party.
- 2.4 The Security Trustee's duties under this Agreement and the other Loan Documents are solely mechanical and administrative in nature.

Instructions to the Agents

- 2.5 Subject to clauses 2.6, 2.7 and 2.12 below, unless a contrary indication appears, the Security Trustee shall (a) exercise any right, power, authority or discretion vested in it as an agent or otherwise act in accordance with the written instructions given to it by the Required Lenders (or, if so instructed by the Required Lenders refrain from exercising any right, power, authority or discretion vested in it as Security Trustee), (b) not be liable to any person for any act or omission if it acts (or refrains from taking any action) in good faith in accordance with the instructions of the Required Lenders and (c) have no obligation to act and may refrain from acting until so instructed (without liability to any person). Any reference to the instructions of the Required Lenders to the Security Trustee herein or in the Escrow Account Security shall be construed as such instructions of the Facility Agent on behalf of such Required Lenders.
- 2.6 The Security Trustee shall be entitled to request instructions, or clarification of any direction, from the Facility Agent as to whether, and in what manner, it should exercise or refrain from exercising any rights, powers, authorities and discretions and the Security Trustee may refrain from acting unless and until those instructions or clarification are received by it (without liability to any person).
- 2.7 In the absence of instructions, the Security Trustee may act (or refrain from acting) as it considers to be in the best interest of the Finance Parties.
- 2.8 Clause 2.5 above shall not apply in respect of any provision which protects the Security Trustee's own position in its personal capacity as opposed to its role as Security Trustee for the Finance Parties.
- 2.9 The Security Trustee may refrain from acting in accordance with the instructions of the Lenders or any other person until it has received any indemnification and/or security and/or prefunding that it may in its discretion require (which may be greater in extent than that contained in the Loan Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.

Execution of Escrow Account Security

- 2.10 Each Lender irrevocably authorises the Security Trustee to execute the Escrow Account Security in its capacity as trustee of the Trust Property thereby created.

Authority of Security Trustee

- 2.11 Subject to clause 2.12 and, where applicable, 2.14(c), the Security Trustee may, with the consent of the Required Lenders (or the Facility Agent on their behalf) or if and to the extent expressly authorised by the other provisions of this Agreement or the Escrow Account Security, concur with the Borrower to amend, modify or otherwise vary or waive breaches of, or defaults under, or otherwise excuse performance of, any provision of any of the Escrow Account Security. Any such action so authorised and effected by the Security Trustee shall be promptly notified to the other Agents and the Lenders and shall be binding on all the Lenders and, if necessary or appropriate, each Lender agrees to execute or re-execute any document, instrument or agreement required to give full effect to any such action. For the purposes of this clause 2.11 it is expressly agreed and acknowledged that the execution of a Further Assurance Deed shall not constitute an amendment or modification to, or variation of, the Escrow Account

Security, and each Lender where applicable further agrees to execute any Further Assurance Deed promptly upon the request of the Security Trustee.

- 2.12 Except with the prior written consent of all the Lenders (or the Facility Agent on their behalf), the Security Trustee shall not have authority on behalf of the Lenders to agree with the Borrower any amendment to the Escrow Account Security which would:
- (a) change any provision of the Escrow Account Security which expressly or impliedly requires the approval or consent of all the Lenders such that the relevant approval or consent may be given otherwise than with the sanction of all the Lenders;
 - (b) change this clause 2.12 or clause 4.2; or
 - (c) (save to the extent expressly required under this Agreement or any of the Loan Documents) release the Borrower from the security constituted by the Escrow Account Security; or
 - (d) (save to the extent expressly required under this Agreement or any of the Loan Documents) release any of the Charged Assets from the security constituted by the Escrow Account Security; or
 - (e) (save to the extent expressly required under this Agreement or any of the Loan Documents) release the Borrower from any of its indemnity or other assurance obligations under any of the Loan Documents.
- 2.13 Unless otherwise stated in any provision of the Loan Documents, any matter under the Escrow Account Security requiring the decision, agreement, determination, consent or approval of the Security Trustee, shall be construed as requiring the decision, agreement, determination, consent or approval of the Required Lenders.

Liability of Security Trustee

- 2.14 The Security Trustee shall not:
- (a) be obliged:
 - (i) to request any certificate or opinion under any provision of the Escrow Account Security; or
 - (ii) to make any enquiry as to any breach or default by the Borrower in the performance or observance of any of the provisions of any of this Agreement or the Escrow Account Security or as to the existence of a Default or as to whether any other event or circumstance has occurred as a result of which the security constituted by the Escrow Account Security shall have or may become enforceable unless it has actual knowledge thereof or has been notified in writing thereof by a Lender, in which case it shall promptly notify the Lenders of the relevant event or circumstance; or
- be obliged to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Security Trustee that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Security Trustee; or
- (c) be liable to any Finance Party for any action taken or omitted under or in connection with this Agreement and the Escrow Account Security unless caused by its gross negligence or wilful misconduct for any delay (or any related consequences) in crediting an account with an amount required under this Agreement to be paid by the Security Trustee if it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.

Knowledge of Agents

- 2.15 For the purposes of this clause 2, the Security Trustee shall not be treated as having actual knowledge of any matter of which another department of the person for the time being acting as it may become aware in the context of corporate finance or advisory activities from time to time undertaken by the Security Trustee for the Borrower or any of its Affiliates or Subsidiaries.

Communications by the Security Trustee

- 2.16 The Security Trustee shall promptly notify the other Agents and each Lender of the contents of each notice, certificate, information or other document received by it from the Borrower under or pursuant to any provisions of any of the Escrow Account Security or this Agreement.
- 2.17 Except where the Escrow Account Security or this Agreement specifically provides otherwise, the Security Trustee is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another party.
- 2.18 If the Security Trustee receives notice from a party referring to this Agreement, describing a Default or an Event of Default and stating that the circumstance described is a Default or an Event of Default it shall promptly notify the other Finance Parties.

No independent action by Finance Parties

- 2.19 None of the Finance Parties shall have any independent power to enforce the Escrow Account Security, or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to the Escrow Account Security or otherwise have direct recourse to the security or other assurances constituted by the Escrow Account Security except through the Security Trustee.

Reliance by Facility Agent

- 2.20 In considering at any time (and from time to time) the persons entitled to the benefit of any of the Secured Obligations:
- (a) the Facility Agent may deem and treat (i) each Lender as the person entitled to the benefit of the Loan of such Lender for all purposes of this Agreement unless and until a Lender Assignment Agreement relating to, such Lender's contribution to the Loan or any part thereof shall have been filed with the Facility Agent and (ii) the office set opposite the name of each Lender in the execution blocks to the Facility Agreement as such Lender's lending office unless and until a written notice of change of lending office shall have been received by the Facility Agent and the Facility Agent may act upon any such notice unless and until the same is superseded by a further such notice; and
 - (b) the Facility Agent may to the extent that any such information is not inconsistent with notices referred to in clause 2.20(a) above, rely and act in reliance upon information provided to it pursuant to such clause so that it shall not have any liability or responsibility to any party as a consequence of placing reliance on and acting in reliance upon any such information unless it has actual knowledge that such information is inaccurate or incorrect.

Provision of information to Agents

- 2.21 Without prejudice to clause 2.20, the Lenders shall provide the Security Trustee with such written information as it may reasonably require for the purpose of carrying out its duties and obligations under this Agreement and/or the Escrow Account Security and, in particular, with such directions in writing as may reasonably be required so as to enable the Security Trustee to apply the proceeds of realisation of the Escrow Account Security as contemplated by clause 4.2. However no Lender shall be obliged pursuant to this clause 2.21 to disclose to the Security Trustee any information which it is obliged by law or contract to keep confidential.

Appraisal by Lenders

- 2.22 Each Finance Party acknowledges that it has not relied on any statement, opinion, forecast or other representation made by the Security Trustee to induce it to enter into this Agreement or the Facility Agreement.

Responsibility of Security Trustee

- 2.23 The Security Trustee shall not have any duty or responsibility, either initially or on a continuing basis, to any Finance Party:
- (a) to investigate or make any enquiry into the title of the Borrower to, or the existence, suitability or sufficiency of, the Charged Assets or any part thereof; or
 - (b) on account of the failure of the Borrower to perform any of its obligations under any of the Loan Documents; or
 - (c) for the financial condition of the Borrower; or
 - (d) for the completeness or accuracy of any statements, representations or warranties in any of the Loan Documents or any document delivered under any of the Loan Documents unless expressly made by the Security Trustee; or
 - (e) for the execution, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of any of the Loan Documents or the Charged Assets or of any certificate, report or other document executed or delivered under any of the Loan Documents; or
 - (f) for the failure to register or notify any of the Loan Documents or for otherwise perfecting or failing to perfect any of the security granted in its favour; or
 - (g) for taking or omitting to take any other action under or in relation to any of the Loan Documents or any aspect of any of the Loan Documents; or
 - (h) for the failure to take or require the Borrower to take any steps to render any of the Loan Documents effective as regards Charged Assets outside the jurisdiction in which they are incorporated or have their registered or principal office or to secure the creation of any ancillary charge under the laws of the jurisdiction concerned; or
 - (i) otherwise in connection with the Facility Agreement or its negotiation or for acting in accordance with the instructions of the Lenders or the relevant group of Lenders or refraining from acting when instructed by the Lenders or the relevant group of Lenders, to refrain from acting when no instruction to act has been given to it by the Lenders or the relevant group of Lenders or where the instructions are unclear. The Security Trustee is entitled to seek directions as to the exercise of any of its powers from the Required Lenders or otherwise (as the case may be) the Lenders and to seek clarification of any instructions previously given; or
 - (j) any loss to the Trust Property arising in consequence of the failure, depreciation or loss of any Charged Assets or any investments made or retained in good faith or by reason of any other matter or thing, including by virtue of the fact it may be held by a bank, or any damage to or any unauthorised dealing with the Charged Assets nor shall it have any responsibility or liability arising from the fact that the Charged Assets, or documents relating thereto, may be registered in its name or held by it or any other bank or agent selected by the Security Trustee.
- 2.24 The Security Trustee shall be entitled to rely on any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper person.

2.25 No party to this Agreement (other than the Security Trustee) may take any proceedings against any officer, employee or agent of the Security Trustee in respect of any claim it might have against the Security Trustee or in respect of any act or omission of any kind by that officer, employee or agent in relation to this Agreement and any officer, employee or agent of the Security Trustee may rely on this clause.

No fiduciary duties

2.26 Nothing in any Loan Document constitutes the Security Trustee as a trustee or fiduciary of any other person other than the Finance Parties.

2.27 The Security Trustee shall not be bound to account to any Finance Party for any sum or the profit element of any sum received by it for its own account.

Rights and discretions

2.28 The Security Trustee may:

(a) assume that:

- (i) any instructions received by it from the Facility Agent on behalf of the Lenders or the Required Lenders or on behalf of any other Finance Party are duly given in accordance with the terms of the Facility Agreement; and
- (ii) unless it has received notice of revocation, that those instructions have not been revoked;

(b) rely on a certificate from any person:

- (i) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
- (ii) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (i) above, may assume the truth and accuracy of that certificate; and

(c) assume (unless it has received notice to the contrary in its capacity as Security Trustee) that:

- (i) no Default or Event of Default has occurred; and
- (ii) any right, power, authority or discretion vested in any party or any group of Finance Parties has not been exercised.

2.29 The Security Trustee may engage and pay for the advice or services of any lawyers (who may be separate to counsel appointed by the Finance Parties), accountants, tax advisers, surveyors or other professional advisers or experts (whether such advice is obtained by the Security Trustee or by any other party and whether or not the advice contains a limit on liability by reference to monetary cap or otherwise) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying in good faith.

2.30 Notwithstanding any provision of any Loan Document to the contrary, the Security Trustee is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

Other business

- 2.31 The Security Trustee may, without any liability to account to the Lenders, accept deposits from, lend money to, and generally engage in any kind of banking or trust business with, the Borrower and any of its Affiliates or Subsidiaries or any of the Lenders as if it were not the Security Trustee.

Credit appraisal by the Finance Parties

- 2.32 Without affecting the responsibility of the Borrower for information supplied by it or on its behalf in connection with any Loan Document, each Finance Party confirms to each other Finance Party that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Loan Document including but not limited to:
- (a) the financial condition, status and nature of the Borrower;
 - (b) the legality, validity, effectiveness, adequacy or enforceability of any Loan Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document;
 - (c) whether any Finance Party has recourse, and the nature and extent of that recourse, against any party or any of its respective assets under or in connection with any Loan Document, the transactions contemplated by the Loan Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document or the Charged Assets;
 - (d) the adequacy, accuracy and/or completeness of any information provided by the Facility Agent, any party or by any other person under or in connection with any Loan Document, the transactions contemplated by the Loan Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document; and
 - (e) the right or title of any person in or to, or the value or sufficiency of, any part of the Charged Assets, the priority of the Escrow Account Security or the existence of any Lien affecting the Charged Assets.
- 2.33 Without prejudice to the generality of any other provision of this Agreement or any other Loan Document, the entry into possession of the Charged Assets shall not render the Security Trustee or any Receiver liable to account as mortgagee in possession thereunder (or its equivalent in any other applicable jurisdiction) or take any action which would expose it to any liability in respect of which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or to be liable for any loss on realisation or for any default or omission on realisation or for any default or omission for which a mortgagee in possession might be liable unless such loss, default or omission is caused by its own gross negligence or wilful misconduct.
- 2.34 The Security Trustee shall have no responsibility whatsoever to the Borrower or any Finance Party as regards any deficiency which might arise because the Security Trustee is subject to any Tax in respect of all or any of the Charged Assets, the income therefrom or the proceeds thereof.
- 2.35 The Security Trustee is not responsible for payment of any taxes or stamp duty (a) as a result of it holding security, (b) as a result of it enforcing any security held by it, or (c) in respect of any remuneration or other amounts payable to it for its own account.
- 2.36 The Security Trustee is not responsible for making any deductions or withholding in respect of taxes or governmental charges in respect of any amounts paid by the Security Trustee from the proceeds of any enforcement of security.

Reimbursement of Agents' expenses

- 2.37 Without prejudice to clauses 1.7 and 5.1, each Lender shall reimburse the Security Trustee rateably in accordance with such Lender's Commitment (or if such Commitment is then zero, its Commitment immediately prior to such reduction), for the charges and expenses incurred by the Security Trustee in connection with the negotiation, preparation and execution of this Agreement and the Escrow Account Security or in contemplation of, or otherwise in connection with, the enforcement or attempted enforcement of, or the preservation or attempted preservation of any rights under, or in carrying out its duties under, this Agreement and the Escrow Account Security or otherwise in connection with holding the Charged Assets and/or the Trust Property including (in each case) the reasonable fees and expenses of legal or other professional advisers. All such charges and expenses shall be paid together with value added tax or similar tax (if any) thereon.

Security Trustee's indemnity

- 2.38 Without prejudice to clauses 1.7 and 5.1, each Lender shall indemnify the Security Trustee rateably in accordance with such Lender's Commitment against all liabilities, expenses, damages, costs, actions, demands and claims whatsoever suffered or incurred by the Security Trustee or any agent or other person appointed by the Security Trustee in connection with its appointment under this Agreement or in connection with the Loan Documents or the performance of its duties under this Agreement and/or the Escrow Account Security or any action taken or omitted by it under any of the Escrow Account Security or this Agreement, unless such liabilities, damages, costs or claims arise from the Security Trustee's own gross negligence or wilful misconduct.
- 2.39 In no event shall the Security Trustee be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not it has been advised of the possibility of such loss or damages.

Retirement of Security Trustee

- 2.40 The Security Trustee:
- (a) may (without giving any reason and having given to the Borrower and the other Finance Parties not less than 30 Business Days' notice of its intention to do so) retire;
 - (b) shall, upon the request of the Required Lenders (after consultation with the Borrower), retire;
 - (c) shall, upon the request of the Borrower in the event the Security Trustee is no longer a Lender or an Affiliate of a Lender, retire under this Agreement, the Facility Agreement and the other Loan Documents.
- 2.41 No such retirement shall take effect unless there has been appointed by the Finance Parties as a successor security trustee:
- (a) (except where the Security Trustee has been required to retire by notice from the said Lenders) an Affiliate of the Security Trustee nominated by the Security Trustee or, failing such a nomination; or
 - (b) a Lender or an Affiliate of a Lender nominated by the Required Lenders or, failing such a nomination; or
 - (c) any reputable and experienced bank or financial institution nominated by the Security Trustee which appointment must be agreed to by the Lenders as contemplated above,
- and such successor security trustee shall have duly accepted such appointment by delivering to the Facility Agent a written confirmation (in a form acceptable to the Facility Agent) of such

acceptance agreeing to be bound by this Agreement in the capacity of Security Trustee as if it had been an original party to this Agreement.

- 2.42 Upon any such successor as aforesaid being appointed, the retiring Security Trustee shall be discharged from any further obligation (except as otherwise provided in the Loan Documents) under this Agreement and each of the other Loan Documents and its successor and each of the other parties to this Agreement and any of the other Loan Documents shall have the same rights and obligations among themselves as they would have had if such successor had been a party to this Agreement and any of the other Loan Documents in place of the retiring Security Trustee.
- 2.43 Upon any successor to the Security Trustee being appointed the Trust Property will automatically vest in such successor without the need for any additional act by the Lenders or the Borrower, but without prejudice to clause 2.23(e).
- 2.44 The retiring Security Trustee, each other Finance Party and the Borrower hereby undertake from time to time to execute, sign, perfect, do and (if required) register every such further assurance, document, act or thing as in the reasonable opinion of each of the successor security trustee and the Finance Parties may be necessary or desirable for the purpose of ensuring that the Trust Property is effectively vested in it so that it holds and enjoys the same rights, interests and powers in relation to the Trust Property as were held by the retiring Security Trustee.
- 2.45 The Lenders agree to appoint as successor security trustee the person nominated in accordance with clause 2.41 and to execute such documents as may be required to give effect to such appointment.

Consents and approvals

- 2.46 Each Lender agrees that it will respond reasonably promptly (and in any event within 15 Business Days) to any request for a consent, waiver, amendment of (or in relation to) any term of any Loan Document or any other vote of Lenders under the terms of this Agreement.
- 2.47 The Borrower shall be consulted as regards any proposed substitute security trustee prior to the appointment thereof and the Borrower's consent to any proposed substitute shall be required.

3 Declaration of trust: supplementary provisions

Declaration of trust

- 3.1 The Security Trustee hereby accepts its appointment under clause 2.1 as trustee of the Trust Property and irrevocably acknowledges and declares that it holds the same on trust for itself and the Finance Parties and that it shall deal with and apply the same in accordance with the provisions of this Agreement and the Escrow Account Security.

Duration of trusts

- 3.2 The trusts constituted or evidenced in or by this Agreement shall, save as provided by law, remain in full force and effect until receipt by the Security Trustee of confirmation in writing by the Facility Agent that either (a) there is no longer outstanding any Indebtedness (actual or contingent) which is secured by or under any of the Loan Documents or (b) the Release Date has occurred. At the time that the trusts constituted or evidenced by this Agreement are no longer in full force and effect, it is agreed that, save in respect of clauses 1.7, 1.8, 2 and 5, this Agreement shall have no further force and effect. Promptly following the NYC Cut Off Date the Facility Agent shall notify the Borrower of the Release Date.

Powers and discretions as trustee

- 3.3 In its capacity as trustee in relation to the Loan Documents and the Trust Property, the Security Trustee shall, without prejudice to any of the powers, discretions and immunities conferred upon

trustees by law (and to the extent not inconsistent with the provisions of this Agreement or any of the Loan Documents), have all the same powers and discretions as a natural person acting as the beneficial owner of such property and/or as are conferred upon the Security Trustee by this Agreement and/or any Loan Document.

- 3.4 The rights, powers and discretions conferred upon the Security Trustee by this Agreement shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Trustee by general law or otherwise. Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Trustee in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

Determination by the Security Trustee

- 3.5 In its capacity as trustee in relation to the Loan Documents and in relation to the Trust Property, the Security Trustee shall have full power to determine all questions and doubts arising in relation to the interpretation or application of any of the provisions of this Agreement or any of the Loan Documents as it affects the Security Trustee or the Trust Property and every such determination (whether made upon a question actually raised or implied in the acts or proceedings of the Security Trustee) shall, in the absence of manifest error, be conclusive and shall bind all the other parties to this Agreement.

Employment of agents

- 3.6 The Security Trustee may, instead of acting personally, employ, pay for and rely on the advice of any agent (whether being a lawyer, chartered accountant or any other suitably qualified person) to transact or concur in transacting any business and to do or concur in doing any acts required to be done by the Security Trustee (including the receipt and payment of money) or may, with the consent of the Borrower, delegate to any person on any terms (including the power to sub-delegate) the costs of which shall be borne by the Borrower and be capable of being recoverable by the Security Trustee pursuant to clause 1.7. Any such agent or delegate engaged in any profession or business shall be entitled to be paid all usual reasonable professional and other charges for business transacted and acts done by him or any partner or employee of his in connection with such trusts. The Security Trustee shall not be bound to supervise or, only as between the Security Trustee on the one hand and the Finance Parties on the other hand, nor be responsible for any loss incurred by reason of any act or omission of, any such agent or delegate if the Security Trustee shall have exercised reasonable care in the selection of such agent or delegate (which, without limitation, shall conclusively be deemed to be the case in respect of any agent approved in writing by the Lenders).

Non-recognition of trust and amendments

- 3.7 It is agreed between all parties to this Agreement that:
- (a) in relation to any jurisdiction the courts of which would not recognise or give effect to the trusts expressed to be constituted by this Agreement the relationship of the Finance Parties to the Security Trustee shall be construed simply as one of principal and agent but, to the fullest extent permissible under the laws of each and every such jurisdiction, this Agreement shall have full force and effect as between the parties; and
 - (b) save where the consent of all of the Lenders is required to an amendment pursuant to the provisions of clause 2.12 or otherwise, any of the provisions of this clause 3 or of clauses 2 or 4 may be amended by agreement between the Security Trustee and the other Finance Parties without the consent of the Borrower and each such party other than the Security Trustee irrevocably authorises the Facility Agent in its name and on its behalf to execute all documents necessary to effect any such amendment.

Appointment of new or additional trustees

- 3.8 Without prejudice to clause 2.40, the statutory power to appoint new or additional trustees of the trusts constituted by this Agreement shall be vested in the Security Trustee. The appointment by the Security Trustee of any such new or additional trustees shall terminate on the appointment of a replacement security trustee in accordance with the terms of clause 2.41.

Appointment of separate and co-trustees

- 3.9 The Security Trustee shall have power, by notice in writing given to each of the Finance Parties, to appoint any person who is a reputable bank or financial institution either to act as separate trustee or as co-trustee, jointly with the Security Trustee and, as the case may be:
- (a) if the Security Trustee (acting on the instructions of the Required Lenders) considers such appointment to be in the interests of the Finance Parties; or
 - (b) for the purpose of conforming with any legal requirement, restriction or condition in any jurisdiction in which any particular act is to be performed; or
 - (c) for the purpose of obtaining a judgement in any jurisdiction or the enforcement in any jurisdiction against any person of a judgement already obtained,

any person so appointed shall (subject to the provisions of this Agreement) have such rights (including as to reasonable remuneration), powers, duties and obligations as shall be conferred or imposed by the instrument of appointment. The Security Trustee shall have power to remove any person so appointed and shall notify the other Finance Parties of such removal. At the request of the Security Trustee, the other parties to this Agreement shall forthwith execute all such documents and do all such things as may be required to perfect such appointment or removal and each such party irrevocably authorises the Security Trustee in its name and on its behalf to do the same. Each and any such person shall (subject always to the provisions of this Agreement) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Security Trustee by this Agreement and the Loan Documents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Security Trustee shall not be bound to supervise or, only as between the Security Trustee on one hand and the Lenders on the other hand, be responsible for any loss incurred by reason of any act or omission of, any such person if the Security Trustee shall have exercised reasonable care in the selection of such person (which, without limitation, shall conclusively be deemed to be the case in respect of any such person approved in writing by the Required Lenders). The appointment by the Security Trustee of any such new or additional trustees shall terminate on the appointment of a replacement security trustee in accordance with the terms of clause 2.41.

Majority decisions of trustees

- 3.10 Whenever there shall be more than two trustees having equal authority under this Agreement the majority of such trustees shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested by this Agreement in the Security Trustee generally.

4 Application of proceeds

Co-operation by Finance Parties

- 4.1 The Finance Parties shall co-operate with each other and any Receiver in realising the Charged Assets and in ensuring that the net proceeds realised under the Escrow Account Security are applied in accordance with clause 4.2.

Application of moneys

- 4.2 Moneys received by the Security Trustee or by a Receiver after the Enforcement Date pursuant to the exercise of any rights and powers under or pursuant to the Escrow Account Security shall be paid to the Facility Agent and shall, subject to the Facility Agent receiving written directions

pursuant to clause 2.21 and save as otherwise provided by any of the Loan Documents, be applied by the Facility Agent together with any other moneys received by the Facility Agent pursuant to the exercise of any rights and powers under or pursuant to any of the Loan Documents (after providing for all costs, charges, expenses and liabilities and other payments ranking in priority to the Secured Obligations) in the following manner and order:

- (a) first, in or towards payment to the Security Trustee of any unpaid Expenses incurred and payments made by the Security Trustee and any Receiver and any other amounts due but unpaid under the Loan Documents (including any remuneration payable to them);
- (b) secondly, in or towards payment or satisfaction of all Expenses incurred and payments made and all remuneration payable to the Facility Agent under or pursuant to the Loan Documents;
- (c) thirdly, in or towards satisfaction of the Secured Obligations owing to the Finance Parties in such order and/or on such basis as may be agreed from time to time between the Facility Agent and the Lenders; and
- (d) fourthly, the balance (if any) shall be paid to the Borrower.

Prompt distribution of proceeds

4.3 The Facility Agent shall make each application and/or distribution falling to be made in accordance with clause 4.2 as soon as is practicable after the relevant moneys are received by, or otherwise become available to, the Facility Agent save that (without prejudice to any other provision contained in any of the Loan Documents) each Agent or any Receiver may credit any moneys received by it to an interest bearing suspense account for so long and in such manner as such Agent or such Receiver may from time to time reasonably determine with a view to preserving the rights of the Finance Parties or any of them to prove for the whole of their respective claims against the Borrower or any other person liable, provided always that any Lender may instruct the Agent or the Receiver to release to its share of any such amounts (subject always to clause 4.2).

4.4 The Security Trustee shall not be under any duty to consider investing moneys elsewhere and the Security Trustee shall not be responsible for any loss due to interest rate or exchange rate fluctuations and shall not be liable to account for an amount of interest greater than the standard amount that would be payable to an independent customer.

4.5 If any party owes an amount to an Agent under this Agreement this Agent may, after giving notice to that party, deduct an amount not exceeding that amount from any payment to that party which this Agent would otherwise be obliged to make under this Agreement and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of this Agreement that party shall be regarded as having received any amount so deducted.

Waiver by Borrower

4.6 To the extent permitted by law and without prejudice to any duty the Agents and the other Finance Parties may have to mitigate any losses, the Borrower hereby unconditionally waives any rights it may have, whether at law or otherwise, to require demands to be made by any of the Finance Parties under any of the Loan Documents or for the security or any guarantee or other assurance created by the Loan Documents in favour of the Finance Parties (or any of them) to be enforced or realised in any specific order or manner or to require the proceeds thereof to be appropriated in any specific order or manner.

5 Agents' and Finance Parties' indemnities

Indemnity from Trust Property

5.1 Without prejudice to any right to indemnity by law given to agents or trustees generally and to any provision of the Loan Documents entitling an Agent, any other Finance Party or any other

person to indemnify in respect of, and/or reimbursement of, any liabilities, damages, costs, claims, charges or expenses incurred or suffered by it in connection with any of the Loan Documents or the performance of any duties under this Agreement or any of the Loan Documents, each Agent, each Finance Party and every agent or other person appointed by any of them in connection with this Agreement shall be entitled to be indemnified out of the Trust Property in respect of all liabilities, damages, reasonable costs and claims whatsoever incurred or suffered by it:

- (a) in the execution or exercise or bona fide purported execution or exercise of the rights, powers, authorities, discretions and duties created or conferred by or pursuant to this Agreement; and/or
- (b) in respect of any matter or thing done or omitted or in any way relating to the Trust Property or the provisions of any of the Loan Documents.

Stamp taxes

- 5.2 The Borrower shall pay all stamp, documentary, registration or other like duties and taxes (including any duties or taxes payable by any Finance Party) to which this Agreement or any of the Loan Documents or any judgement given in connection therewith is, or at any time may be, subject and shall indemnify each Finance Party against any liabilities, costs, claims and expenses resulting from any failure to pay or any delay in paying such tax arising by reason of any delay or omission by the Borrower to pay such duties or taxes.

Expenses

- 5.3 Without prejudice to clause 1.7, the Borrower also agrees that the provisions of Section 11.3 (*Payment of Costs and Expenses*) of the Facility Agreement shall apply with equal effect to this Agreement as if set out in full in this Agreement to cover any expenses of the type referred to in that section of the Security Trustee arising in respect of this Agreement and the Escrow Account Security (including, without limitation, any Expenses) as if reference in that section to the Facility Agent was reference to the Security Trustee.

6 Custody of deeds; illegality

Custody of deeds

- 6.1 The Security Trustee shall be entitled to place all deeds, certificates and other documents relating to the Charged Assets deposited with it under or pursuant to the Loan Documents or any of them in any safe deposit, safe or receptacle selected by the Security Trustee or with any firm of lawyers and may make any such arrangements as it thinks fit for allowing the Borrower access to, or its lawyers or auditors possession of, such documents when necessary or convenient and the Security Trustee shall not be responsible for any loss incurred in connection with any such deposit, access or possession.

Illegality

- 6.2 The Security Trustee shall refrain from doing anything which would, or might in its opinion, be contrary to any law of any jurisdiction (including but not limited to England and Wales, the United States of America or any jurisdiction forming part of it) or any regulation or directive of any agency of such state or jurisdiction or which would or might render it liable to any person and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

7 Assignments by the Lenders

Benefit and burden

- 7.1 This Agreement and the other Escrow Account Security shall be binding upon, and enure for the benefit of, the Finance Parties and the Borrower and their respective successors.

Transfers and sub-participations by Lenders

- 7.2 The provisions of Section 11.11 (*Sale and Transfer of the Loan; Participations in the Loan*) of the Facility Agreement shall apply, mutatis mutandis, to this Agreement in respect of the Borrower and the Lenders as if set out in full herein.

8 Effect of Agreement

Acknowledgement by Borrower

- 8.1 The Borrower joins in this Agreement for the purpose of acknowledging the provisions of this Agreement and undertakes with each Finance Party not in any way to prejudice or affect the enforcement of such provisions or do or suffer anything which would be in breach of the terms of this Agreement.
- 8.2 Nothing contained in this Agreement shall as between the Borrower and the Finance Parties or any of them affect or prejudice any rights or remedies of any such person against the Borrower in respect of any of the Secured Obligations.

9 Miscellaneous

Other securities unaffected

- 9.1 Nothing contained in this Agreement shall prejudice or affect the rights of the Finance Parties or any of them under any guarantee, lien, bill, note, charge or other security from any party other than the Borrower now or hereafter held by it in respect of any moneys, obligations or liabilities thereby secured and so that (without limitation) each and any such person may apply any moneys recovered under any such guarantee, lien, bill, note, charge or other security in or towards payment of any money, obligation or liability actual or contingent now or hereafter due, owing or incurred to it by the Borrower or may hold such moneys on a suspense account for such period as it may in its absolute discretion think fit.

Obligations of Lenders

- 9.2 The obligations of each Lender under this Agreement are several; the failure of any Lender to perform such obligations shall not relieve any other Lender or the Borrower of any of their respective obligations or liabilities under this Agreement or any of the Loan Documents nor shall any other Finance Party be responsible for the obligations of any Lender (except for its own obligations, if any, as a Lender) under this Agreement.

No partnership

- 9.3 This Agreement shall not and shall not be construed so as to constitute a partnership between the parties or any of them.

10 Agreement to provide power of attorney

Each of the Finance Parties (other than the Security Trustee) shall, if so requested in writing by the Security Trustee, appoint the Security Trustee, subject to any limitations on the powers of the Security Trustee imposed by this Agreement, to be its attorney generally for and in the name and on behalf of such Finance Party and as the act and deed or otherwise of such Finance Party to execute, seal and deliver and otherwise perfect and do all such deeds,

assurances, agreements, instruments, acts and things which may be required for the full exercise of all or any of the rights, powers or remedies conferred in favour of the Security Trustee by the Escrow Account Security or which may be deemed proper in or in connection with all or any of the purposes aforesaid. The power to be conferred by each Finance Party pursuant to this clause 10 shall be a general power of attorney under the Powers of Attorney Act 1971, and each Finance Party agrees that such power will be in terms that the relevant Finance Party will ratify and confirm, and agree to ratify and confirm, any deed, assurance, agreement, instrument, act or thing which the relevant Agent may execute or do pursuant thereto.

11 Notices and other matters

- 11.1 Section 11.2 (*Notices*) of the Facility Agreement shall apply with equal effect to this Agreement as if set out herein provided further that in the case of the Security Trustee, its address, facsimile number and email and contact person are:

Citigroup Centre
Canada Square
London E14 5LB

Fax: +44 207 500 5877
Email: issuerpfla@citi.com
Attn: Agency and Trust

- 11.2 Each of the parties to this Agreement represents and warranties to each of the other parties that it has duly authorised the execution hereof and that this Agreement constitutes its valid and legally binding obligations.

12 Contracts (Rights of Third Parties) Act 1999

- 12.1 With the exception of BpiFAE and the persons referred to in clause 2.25, no term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this Agreement.
- 12.2 Notwithstanding any term of any Loan Document, the consent of any person who is not a party to this Agreement is not required to amend or vary this Agreement at any time.

13 Governing law and jurisdiction

Law

- 13.1 This Agreement and any non-contractual obligations connected with it are governed by and shall be construed in accordance with English law.

Submission to jurisdiction

- 13.2 For their mutual benefit, each of the Finance Parties and the Borrower agree that any legal action or proceedings arising out of or in connection with this Agreement may be brought in the English courts, irrevocably and unconditionally submit to the exclusive jurisdiction of such courts and the Borrower irrevocably designates, appoints and empowers RCL Cruises Ltd. at present of Building 3, The Heights – Brooklands, Weybridge, Surrey KT13 0NY to receive for it and on its behalf, service of process issued out of the English courts in any legal action or proceedings.

IN WITNESS whereof the parties to this Agreement have caused this Agreement to be duly executed and, in the case of the Security Trustee, duly executed as a deed and delivered on the date first above written.

The Lenders

| Lender | Facility Office and contact details | Commitment % |
|---|--|--------------|
| Banco Bilbao Vizcaya Argentaria, Paris Branch | <p>29 avenue de l'Opéra 75001 Paris France</p> <p>Attention: David Peyroux Laura Luca de Tena Maria Merodio</p> <p>Fax No: +33 1 44 86 84 45 Tel No: +33 1 44 86 83 98 / +33 1 44 86 83 21 / +33 1 44 86 84 45</p> <p>Email: david.peyroux@bbva.com / laura.luca@bbva.com / asuncion.merodio@bbva.com</p> | 0.75 |
| Banco Santander, S.A. Paris Branch | <p>Facility Office:</p> <p>374, rue Saint-Honoré 75001 Paris France</p> <p>Operational address:</p> <p>Ciudad Financiera Avenida de Cantabria s/n Edificio Encinar 2a planta 28600 Boadilla del Monte Spain</p> <p>Fax No: +34 91 257 1682</p> <p>Attention: Elise Regnault Beatriz de la Mata Ecatarina Mucuta Vanessa Berrio Vélez Ana Sanz Gómez</p> <p>Tel No: +34 912893722 +1 212-297-2942 +33 1 53 53 70 46 +34 91 289 10 28 +34 91 289 17 90</p> <p>E-mail: elise.regnault@gruposantander.com bdelamata@santander.us ecaterina.mucuta@gruposantander.com vaberrio@gruposantander.com anasanz@gruposantander.com MiddleOfficeParis@gruposantander.com</p> | 15 |

| Lender | Facility Office and contact details | Commitment % |
|------------------------------|--|--------------|
| Citibank N.A., London Branch | <p>Citigroup Centre Canada Square London E14 5LB United Kingdom</p> <p>Attention: Guido Cicolani / Cristiana Ilievici / Konstantinos Frangos / Romina Coates / Kara Catt</p> <p>Fax No: +44 20 7986 4881 Tel No: +44 20 7986 3035 / +44 20 7508 0344 / +44 20 7986 4824 / +44 20 7986 5017</p> <p>E-mail: guido.cicolani@citi.com cristiana.ilievici@citi.com konstantinos.frangos@citi.com romina.coates@citi.com kara.catt@citi.com</p> | 21 |
| HSBC France | <p>HSBC France – Global Banking Agency Operations (GBAO) Transaction Manager Unit</p> <p>103 avenue des Champs Elysées 75008 Paris France</p> <p>Attention: Guillaume Gladu / Alexandra Penda</p> <p>Fax No: + 33 1 40 70 28 80 Tel No: + 33 1 40 70 73 81 / + 33 1 41 02 67 50</p> <p>Email: guillaume.gladu@hsbc.fr alexandra.penda@hsbc.fr</p> <p>Copy to:</p> <p>HSBC France 103 avenue des Champs Elysées 75008 Paris France</p> <p>Attention: Julie Bellais Celine Karsenty</p> <p>Fax No: + 33 1 40 70 78 93 Tel No: + 33 1 40 70 28 59 /</p> | 5.25 |

| Lender | Facility Office and contact details | Commitment % |
|--|--|--------------|
| | <p style="text-align: center;">+ 33 1 40 70 22 97</p> <p>Email: julie.bellais@hsbc.fr celine.karsenty@hsbc.fr</p> | |
| Société Générale | <p>Facility Office: 29 Boulevard Haussmann 75009 Paris France</p> <p>Address for Operational / Servicing matters: Attention: Mouna KHACHABI</p> <p>Société Générale 189, rue d'Aubervilliers 75886 PARIS CEDEX 18 France</p> <p>Tel No: +33 1 58 98 30 78</p> <p>Email : mouna.khachabi@sgcib.com; par-oper-caf-dmt6@sgcib.com;</p> <p>For Credit matters: OPER/FIN/SMO/EXT Attention: Olivier Gueguen and Muriel Baumann Tel No: +33 (0)1 42 13 07 52 / +33 (0)1 58 98 22 761 Fax No: +33 1 46 92 45 97 Email: muriel.baumann@sgcib.com olivier.gueguen@sgcib.com</p> | 11.52 |
| Sumitomo Mitsui Banking Corporation Europe Limited, Paris Branch | <p>1/3/5 rue Paul Cézanne 75008 Paris France</p> <p>Attention: Cedric Le Duigou Guillaume Branco Cam Truong Claire Lucien</p> <p>Fax No: +33 1 44 90 48 01</p> <p>Tel No:</p> <p>Cedric Le Duigou: +33 1 44 90 48 83 Guillaume Branco: +33 1 44 90 48 71 Cam Truong: +33 1 44 90 48 51 Claire Lucien: +33 1 44 90 48 49</p> <p>E-mail :</p> | 4.25 |

| Lender | Facility Office and contact details | Commitment % |
|--------|---|--------------|
| | cedric_leduigou@fr.smbcgroup.com guillaume_branco@fr.smbcgroup.com cam_truong@fr.smbcgroup.com claire_lucien@fr.smbcgroup.com | |
| SFIL | 1-3, rue de Passeur de Boulogne – CS 80054 92861 Issy-les-Moulineaux Cedex 9 France Contact Person Loan Administration Department: Direction du Crédit Export: Pierre-Marie Debreuille / Anne Crépin Direction des Opérations: Dominique Brossard / Patrick Sick Telephone: Pierre-Marie Debreuille +33 1 73 28 87 64 Anne Crépin +33 1 73 28 88 59 Dominique Brossard +33 1 73 28 91 93 Patrick Sick +33 1 73 28 87 66 Email: pierre-marie.debreuille@sfil.fr anne.crepin@sfil.fr dominique.brossard@sfil.fr patrick.sick@sfil.fr refinancements-export@sfil.fr creditexport_ops@sfil.fr Fax: + 33 1 73 28 85 04 | 42.23 |
| | | 100 |

Execution Page – Agency and Trust Deed

Facility Agent

SIGNED by)
for and on behalf of)
CITIBANK EUROPE PLC, UK BRANCH)
as Facility Agent)
.....
Attorney-in-fact

Security Trustee

EXECUTED as a DEED by)
for and on behalf of)
CITICORP TRUSTEE COMPANY LIMITED)
as Security Trustee)
in the presence of:)
.....
Attorney-in-fact

.....
Witness
Name:
Address:
Occupation:

Global Coordinator

SIGNED by)
for and on behalf of)
CITIBANK N.A., LONDON BRANCH)
as Global Coordinator)
.....
Attorney-in-fact

ECA Agent

SIGNED by)
for and on behalf of)
SUMITOMO MITSUI BANKING)
CORPORATION EUROPE LIMITED,)
PARIS BRANCH)
as ECA Agent)
.....
Attorney-in-fact

Mandated Lead Arrangers

SIGNED by)
for and on behalf of)
BANCO BILBAO VIZCAYA ARGENTARIA,)
PARIS BRANCH)
as Mandated Lead Arranger)
.....
Attorney-in-fact

SIGNED by)
for and on behalf of)
BANCO SANTANDER, S.A.)
PARIS BRANCH)
as Mandated Lead Arranger)
.....
Attorney-in-fact

SIGNED by)
for and on behalf of)
CITIBANK N.A., LONDON BRANCH)
as Mandated Lead Arranger)
.....
Attorney-in-fact

SIGNED by)
for and on behalf of)
HSBC FRANCE)
as Mandated Lead Arranger)
.....
Attorney-in-fact

SIGNED by)
for and on behalf of)
SOCIÉTÉ GÉNÉRALE)
as Mandated Lead Arranger)
.....
Attorney-in-fact

SIGNED by)
for and on behalf of)
SUMITOMO MITSUI BANKING)
CORPORATION EUROPE LIMITED,)
PARIS BRANCH)
as Mandated Lead Arranger)
.....
Attorney-in-fact

Lenders

SIGNED by)
for and on behalf of)
BANCO BILBAO VIZCAYA ARGENTARIA,)
PARIS BRANCH)
as Lender)
.....
Attorney-in-fact

SIGNED by)
for and on behalf of)
BANCO SANTANDER, S.A.)
PARIS BRANCH)
as Lender)
.....
Attorney-in-fact

SIGNED by)
for and on behalf of)
CITIBANK N.A., LONDON BRANCH)
as Lender)

.....
Attorney-in-fact

SIGNED by)
for and on behalf of)
HSBC FRANCE)
as Lender)

.....
Attorney-in-fact

SIGNED by)
for and on behalf of)
SOCIÉTÉ GÉNÉRALE)
as Lender)

.....
Attorney-in-fact

SIGNED by)
for and on behalf of)
SUMITOMO MITSUI BANKING)
CORPORATION EUROPE LIMITED,)
PARIS BRANCH)
as Lender)

.....
Attorney-in-fact

Borrower

SIGNED by)
for and on behalf of)
ROYAL CARIBBEAN CRUISES LTD.)
as Borrower)

.....
Attorney-in-fact

Schedule 8
Form of Effective Date certificate

To: The other parties to the First Supplemental Agreement referred to below

Dear Sirs,

Hull No. K34 at Chantiers de l'Atlantique S.A. (previously known as STX France S.A.) – First Supplemental Agreement dated [•] 2018 (the First Supplemental Agreement)

We refer to clause 5.4 of the First Supplemental Agreement and confirm that all conditions precedent in clause 5.1 of the First Supplemental Agreement (and, in relation to the Finance Parties, clause 5.2 of the First Supplemental Agreement) have been fulfilled or waived on [•] 2018.

Accordingly, the "Effective Date" for the purposes of the First Supplemental Agreement is [•] 2018.

Facility Agent

Signed by

For and on behalf of **Citibank Europe plc, UK Branch**

Buyer

Signed by

For and on behalf of **Royal Caribbean Cruises Ltd.**

EXECUTION PAGE – FIRST SUPPLEMENTAL AGREEMENT

Borrower

SIGNED by Elaine Anderson, Director)
for and on behalf of)
AZAIREMIA FINANCE LIMITED) /s/ ELAINE ANDERSON
Attorney in-fact)

Buyer

SIGNED by Antje Gibson, VP, Treasurer)
for and on behalf of)
ROYAL CARIBBEAN CRUISES LTD.) /s/ ANTJE M. GIBSON
Attorney in-fact)

Facility Agent

SIGNED by Nisha Thom)
for and on behalf of)
CITIBANK EUROPE PLC, UK BRANCH) /s/ NISHA THOM
Attorney in-fact)

Security Trustee

SIGNED by Nisha Thom)
for and on behalf of)
CITICORP TRUSTEE COMPANY LIMITED) /s/ NISHA THOM
Attorney in-fact)

Global Coordinator

SIGNED by Kara Catt, Vice President)
for and on behalf of)
CITIBANK N.A., LONDON BRANCH) /s/ KARA CATT
Attorney in-fact)

French Coordinating Bank

SIGNED by Nisha Thom)
for and on behalf of)
HSBC FRANCE) /s/ NISHA THOM
Attorney in-fact)

ECA Agent

SIGNED by Nisha Thom)
for and on behalf of)
SUMITOMO MITSUI BANKING CORPORATION)
EUROPE LIMITED, PARIS BRANCH) /s/ NISHA THOM
Attorney in-fact)

The Lenders

SIGNED by Nisha Thom)
for and on behalf of)
BANCO BILBAO VIZCAYA ARGENTARIA,) /s/ NISHA THOM
PARIS BRANCH) Attorney in-fact

SIGNED by Caroline Pantaleao, Head of Middle Office/)
Pierre Roserot de Melin, Chief Administrative Officer) /s/ CAROLINE PANTALEAO
for and on behalf of) Attorney in-fact
BANCO SANTANDER, S.A., PARIS BRANCH)
/s/ PIERRE ROSEROT DE MELIN
Attorney in-fact

SIGNED by Kara Catt, Vice President)
for and on behalf of)
CITIBANK N.A., LONDON BRANCH) /s/ KARA CATT
Attorney in-fact

SIGNED by Nisha Thom)
for and on behalf of)
HSBC FRANCE) /s/ NISHA THOM
Attorney in-fact

SIGNED by Nisha Thom)
for and on behalf of)
SOCIÉTÉ GÉNÉRALE) /s/ NISHA THOM
Attorney in-fact

SIGNED by Nisha Thom)
for and on behalf of)
SUMITOMO MITSUI BANKING CORPORATION) /s/ NISHA THOM
EUROPE LIMITED, PARIS BRANCH) Attorney in-fact

SIGNED by Nisha Thom)
for and on behalf of)
SFIL) /s/ NISHA THOM
Attorney in-fact

The Mandated Lead Arrangers

SIGNED by Nisha Thom)
for and on behalf of)
BANCO BILBAO VIZCAYA ARGENTARIA,) /s/ NISHA THOM
PARIS BRANCH) Attorney in-fact

SIGNED by Caroline Pantaleao, Head of Middle Office/)
Pierre Roserot de Melin, Chief Administrative Officer) /s/ CAROLINE PANTALEAO
for and on behalf of) Attorney in-fact
BANCO SANTANDER, S.A., PARIS BRANCH)
/s/ PIERRE ROSEROT DE MELIN
Attorney in-fact

SIGNED by Kara Catt, Vice President
for and on behalf of
CITIBANK N.A., LONDON BRANCH

)
)
) /s/ KARA CATT
) Attorney in-fact

SIGNED by Nisha Thom
for and on behalf of
HSBC FRANCE

)
)
) /s/ NISHA THOM
) Attorney in-fact

SIGNED by Nisha Thom
for and on behalf of
SOCIÉTÉ GÉNÉRALE

)
)
) /s/ NISHA THOM
) Attorney in-fact

SIGNED by Nisha Thom
for and on behalf of
SUMITOMO MITSUI BANKING CORPORATION
EUROPE LIMITED, PARIS BRANCH

)
)
) /s/ NISHA THOM
) Attorney in-fact
)

February 22, 2019

Members of the Board of Directors of
Royal Caribbean Cruises Ltd.
1050 Caribbean Way
Miami, Florida 33132

Dear Directors:

We are providing this letter to you for inclusion as an exhibit to Royal Caribbean Cruises Ltd.'s (the "Company") Annual Report on Form 10-K for the year ended December 31, 2018 (the "Form 10-K") pursuant to Item 601 of Regulation S-K.

We have audited the consolidated financial statements included in the Form 10-K and issued our report thereon dated February 22, 2019. Note 2 to the financial statements describes a change in accounting principle for recognizing stock-based compensation expense from the graded method of expense attribution to the straight-line method of expense attribution for stock-based compensation awards subject only to a time-based service vesting condition. It should be understood that the preferability of one acceptable method of accounting over another for recognition of stock-based compensation expense for awards with service conditions only has not been addressed in any authoritative accounting literature, and in expressing our concurrence below we have relied on management's determination that this change in accounting principle is preferable. Based on our reading of management's stated reasons and justification for this change in accounting principle in the Form 10-K, and our discussions with management as to their judgment about the relevant business planning factors relating to the change, we concur with management that such change represents, in the Company's circumstances, a change to a preferable accounting principle in conformity with Accounting Standards Codification 250, *Accounting Changes and Error Corrections*.

Very truly yours,

/s/PricewaterhouseCoopers LLP
Miami, Florida

LIST OF SUBSIDIARIES

The following is a list of all our subsidiaries, their jurisdiction of incorporation and the names under which they do business. This list does not include those subsidiaries that, in the aggregate, would not have been a “significant subsidiary” as of December 31, 2018.

| <u>NAME</u> | <u>INCORPORATION</u> |
|---|----------------------|
| Admiral Management Inc. | Liberia |
| Adventure of the Seas Inc. | Liberia |
| Allure of the Seas Inc. | Liberia |
| Anthem of the Seas Inc. | Liberia |
| Azamara Journey Inc. | Liberia |
| Azamara Pursuit Inc. | Liberia |
| Azamara Quest Inc. | Liberia |
| Brilliance of the Seas Shipping Inc. | Liberia |
| Canodros CL | Ecuador |
| Celebrity Cruise Lines Inc. | Cayman Islands |
| Celebrity Cruises Holdings Inc. | Liberia |
| Celebrity Cruises Inc., doing business as Celebrity Cruises | Liberia |
| Celebrity Eclipse Inc. | Liberia |
| Celebrity Equinox Inc. | Liberia |
| Celebrity Reflection Inc. | Liberia |
| Celebrity Silhouette Inc. | Liberia |
| Celebrity Solstice Inc. | Liberia |
| Constellation Inc. | Liberia |
| Enchantment of the Seas Inc. | Liberia |
| Explorer of the Seas Inc. | Liberia |
| Freedom of the Seas Inc. | Liberia |
| GG Operations Inc. | Delaware |
| Grandeur of the Seas Inc. | Liberia |
| Greensboro S.L. | Spain |
| Harmony of the Seas Inc. | Liberia |
| Independence of the Seas Inc. | Liberia |
| Infinity Inc. | Liberia |
| Island for Science, Inc. | Indiana |
| Islas Galapagos Turismo y Vapores CA | Ecuador |
| Jewel of the Seas Inc. | Liberia |
| Labadee Investments Ltd. | Cayman Islands |
| Liberty of the Seas Inc. | Liberia |
| Majesty of the Seas Inc. | Liberia |
| Mariner of the Seas Inc. | Liberia |
| Millennium Inc. | Liberia |
| Navigator of the Seas Inc. | Liberia |
| Nordic Empress Shipping Inc. | Liberia |
| Oasis of the Seas Inc. | Liberia |
| Oceanadventures S.A. | Ecuador |
| Ovation of the Seas Inc. | Liberia |

NAME

Quantum of the Seas Inc.
Radiance of the Seas Inc.
RCL Cruises Ltd.
RCL GEO LLC
RCL Holdings Cooperatief U.A.
RCL Horizon LLC
RCL Investments Ltd.
RCL Monarch LLC
RCL Sovereign LLC
RCL (UK) Ltd.
RCL Worldwide (Hong Kong) Limited
RCL Worldwide Ltd.
RCL Zenith LLC
Rhapsody of the Seas Inc.
Royal Caribbean Cruise Lines AS
Royal Caribbean Cruises (Asia) Pte. Ltd.
Royal Caribbean Cruises Services (China) Company Limited
Serenade of the Seas Inc.
Silver Cloud Shipping Co. Ltd.
Silversea Cruise Finance Ltd.
Silversea Cruise Holding Ltd.
Silversea Cruises Ltd.
Silver Muse Shipping Co. Ltd.
Silver Shadow Shipping Co. Ltd.
Silver Spirit Shipping Co. Ltd.
Silver Whisper Shipping Co. Ltd.
Silver Wind Shipping Ltd.
Societe Labadee Nord, S.A.
Summit Inc.
Torcatt Enterprises S.A.
TourTrek SEZC Ltd.
Vision of the Seas Inc.
Voyager of the Seas Inc.
White Sand Inc.
XP Tours S.A.

INCORPORATION

Liberia
Liberia
England and Wales
Florida
Netherlands
Liberia
England and Wales
Liberia
Liberia
England and Wales
Hong Kong
Liberia
Liberia
Liberia
Norway
Singapore
China
Liberia
Bahamas
Bahamas
Bahamas
Bahamas
Bahamas
Bahamas
Bahamas
Bahamas
Bahamas
Haiti
Liberia
Costa Rica
Cayman Islands
Liberia
Liberia
Liberia
Ecuador

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-223241) and Form S-8 (Nos. 333-228427, 333-202263, 333-170170, 333-157097, 333-84982, 333-84980, 333-42070 and 333-42072) of Royal Caribbean Cruises Ltd. of our report dated February 22, 2019 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Miami, Florida

February 22, 2019

Drinker Biddle & Reath, LLP

January 4, 2019

Royal Caribbean Cruises Ltd.
1050 Caribbean Way
Miami, FL 33132

Re: Form 10-K for Year Ended December 31, 2018

Dear Sirs and Mesdames:

You have asked for our opinion on certain U.S. Federal income tax matters relating to Royal Caribbean Cruises Ltd. (the "Company"). With respect to questions of fact material to this opinion, we have, when relevant facts were not independently established, relied upon information provided by representatives of the Company and of shareholders of the Company.

Certain Factual Assumptions

In issuing our opinion, we have relied upon representations and/or publicly available information that:

(1) the Company and its direct and indirect wholly-owned subsidiaries that own, charter or operate a ship or ships consist of (a) corporations formed under the laws of Liberia, (b) a United Kingdom company (the "UK Disregarded Entity") for which a valid and timely election was filed with the Internal Revenue Service (the "IRS") on Form 8832 to be classified as a pass-through entity for U.S. Federal income tax purposes, and the equity interests in which are owned entirely by the Company, and (c) an Ecuadorean corporation (the "Ecuador Subsidiary") that owns and operates a ship used for Galapagos Islands cruises that are conducted entirely outside the United States;

(2) the Company owns 66.67% of the outstanding share capital of Silversea Cruise Holding Ltd. ("Silversea"), and (a) Silversea and each of its direct or indirect subsidiaries that owns, charters or operates a ship or ships that dock in a United States port or otherwise enter United States waters, and any intermediate holding company between Silversea and such subsidiaries (collectively, the "Silversea Bahamas Subsidiaries"), are companies incorporated under the laws of the Commonwealth of the Bahamas, (b) the remaining ships owned or operated by Silversea subsidiaries are used only for cruises that are conducted entirely outside the United States, and (c) before the Company's acquisition of shares of Silversea on July 31, 2018, more than 50% of Silversea's shares were indirectly owned (through a number of intermediary non-U.S. companies, none of the shares of which are in bearer form) by a single individual who is a resident of Monaco, and such individual and each of such intermediary entities have complied with the documentation requirements set forth in Treasury Regulation §1.883-4(d);¹

¹ An individual is a "resident" of a qualifying foreign country such as Monaco for §883 purposes only if the individual is fully liable to tax as a resident in that country and has a "tax home" there for 183 days or more of the taxable year. Treas. Reg. §1.883-4(b)(2)(i). An individual's tax home is his regular or principal place of business or, in the absence of such a place of business, his regular place of abode in a real and substantial sense. Treas. Reg. §1.883-4(b)(2)(ii).

- (3) the common stock of the Company is the Company's only outstanding class of stock;
- (4) all outstanding shares of common stock of the Company are listed for trading on the New York Stock Exchange (the "NYSE"), where those shares are regularly quoted by dealers making a market in the stock (by regularly and actively offering to make, and making, purchases and sales of such shares in the ordinary course of business to and from customers who are not related persons with respect to the dealers), and Company shares are not traded on any non-U.S. securities market;
- (5) trades of Company common stock are effected on the NYSE in other than *de minimis* quantities on at least 60 days during each year, and the aggregate number of such shares traded on the NYSE each year equals or exceeds 10% of the average number of shares of Company common stock outstanding during the year;
- (6) the NYSE is a national securities exchange that is registered under section 6 of the Securities Act of 1934;
- (7) more than 50% of the outstanding shares of Company common stock are (and will be for at least 183 days during the current year) owned by persons each of whom owns less than 5% of such outstanding shares (treating as one person for this purpose any two or more persons who are related within the meaning of section 267(b) of the Internal Revenue Code of 1986, as amended (the "Code")),² and no such shares (or any shares of a subsidiary of the Company) are in bearer form;
- (8) the Company's certificate of incorporation precludes any person from acquiring more than 4.9% of the outstanding shares of Company's common stock (treating as one person for this purpose any two or more persons who are related within the meaning of Code section 267(b)), except that this restriction does not apply to existing 5% shareholders of the Company and may not apply, under Liberian law, to shares that were not voted in favor of the adoption of such restriction; and
- (9) the Company and each relevant subsidiary will comply with all applicable substantiation and reporting requirements set forth in Treasury Regulation §§1.883-1(c)(3) and 1.883-4(d).

Discussion

Under Code section 883, certain foreign corporations are exempt from U.S. Federal income or branch profits tax on income derived from or incidental to the international operation of a ship or ships, including income from the leasing of such ships.³ A foreign corporation will qualify for the benefits of section 883 if, in relevant part, (1) the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the United States and (2) (a) more than 50% of the value of the corporation's capital stock is owned, directly or indirectly,

² Code §267(b) describes a number of relationships between two or more persons, including members of the same family, a grantor and a fiduciary of a trust, a fiduciary and a beneficiary of a trust, and various other relationships between individuals and entities and between entities. Additional attribution rules applicable under Code §267(b) are set forth in Code §267(c).

³ Code §883(a) provides that, to the extent that it applies, the relevant items of shipping income "shall not be included in gross income" of the corporation and "shall be exempt from taxation under this subtitle," which is the subtitle regarding income taxes.

by individuals who are residents of a foreign country or countries that grant such an equivalent exemption to corporations organized in the United States or (b) the stock of the corporation is "primarily and regularly traded on an established securities market" in the United States or another qualifying country.⁴ If the stock of a parent corporation meets the test of clause (2)(b), then any stock of a direct or indirect subsidiary is treated for purposes of clause (2)(a) as if it were owned by individual residents of the country of incorporation of the parent corporation.⁵

The Company and each direct and indirect wholly-owned subsidiary that owns, charters or operates a ship or ships that generates U.S.-source international shipping income will meet the requirements of clause (1) above because Liberia is a country that grants an equivalent exemption for all relevant categories of international shipping income.⁶ (For this purpose, the Company will be treated as the owner or operator of all ships owned or operated by the UK Disregarded Entity.) The vessel owned and operated by the Ecuador Subsidiary does not visit U.S. ports, or otherwise operate in U.S. waters, so the Ecuador Subsidiary will have no U.S.-source shipping income.⁷

With respect to the interest of the Company in Silversea, both Silversea and the Silversea Bahamas Subsidiaries will meet the requirements of clause (1) above because the Bahamas is a country that grants an equivalent exemption for all relevant categories of international shipping income.⁸

With respect to the requirements of clause (2)(b) above, regulations and other guidance under Code section 883 set forth the tests applicable to determine whether a corporation's shares of stock should be considered "primarily and regularly traded on an established securities market" in the United States or another qualifying country.

The Company's shares are traded on an established securities market in the United States. The NYSE constitutes an established securities market for purposes of section 883 because it is a "national securities exchange that is registered under section 6 of the Securities Act of 1934."⁹

The Company's shares are considered "primarily" traded on the NYSE because the number of such shares traded on the NYSE during the year exceeds the number of such shares traded on any other established securities market during that year.¹⁰

Stock will generally be considered "regularly traded" on a securities market if trades in more than *de minimis* quantities occur on the market on at least sixty days of the year, and the annual trading volume on the market equals or exceeds 10% of the outstanding shares.¹¹ The Company's shares meet this test with respect to the NYSE. The Company's shares also meet an alternative basis for such a conclusion with respect to the NYSE, inasmuch as the stock is regularly quoted by dealers making a market in the stock.¹²

⁴ Code §§883(a)(l), (c)(l), (c)(3)(A). A foreign corporation is treated as meeting the 50% stock ownership test for a taxable year if it meets the test for at least half the number of days in the taxable year. Treas. Reg. §1.883-4(a).

⁵ Code §§883(c)(3)(B).

⁶ Rev. Rul. 2008-17, 2008-1 C.B. 626; see Exchange of Notes Between Liberia Ministry of Foreign Affairs, dated Oct. 7, 1987, and U.S. Embassy, Monrovia, Liberia, dated Oct. 23, 1987, reprinted at 1988-1 C.B. 463; Exchange of Notes Between Liberia Ministry of Foreign Affairs, dated Dec. 9, 2004, and U.S. Embassy, Monrovia, Liberia, dated June 4, 2005.

⁷ Int. Rev. Code §863(c). An Ecuador corporation may also qualify for the equivalent exemption. According to Rev. Rul. 2008-17, the internal tax law of Ecuador provides an equivalent exemption for international shipping income, based on the IRS's review of Ecuador tax law as of December 1989. Thus, unless that aspect of Ecuador tax law has changed in the interim, the Ecuador Subsidiary would be eligible for the benefits of §883 were it to have any U.S.-source international shipping income.

⁸ Rev. Rul. 2008-17, 2008-1 C.B. 626; see Exchange of Notes between Department of State, Washington D.C., dated June 26, 1987, and Embassy of the Commonwealth of the Bahamas, Washington, D.C., dated July 16, 1987, reprinted at 1988-1 C.B. 458.

⁹ Treas. Reg. §1.883-2(b)(1)(ii).

¹⁰ Treas. Reg. §1.883-2(c).

¹¹ Treas. Reg. §1.883-2(d)(l)(ii).

¹² Treas. Reg. §1.883-2(d)(2).

If, for at least half the number of days in the year, 50% or more of a corporation's outstanding shares are owned by 5% or greater shareholders other than registered investment companies (a "closely-held group"), the regulations under Code section 883 provide that the shares generally will fail to be treated as "regularly traded" unless the corporation can identify sufficient qualified direct or indirect shareholders within the closely-held group as to reduce to 50% or less the aggregate shares owned by the closely-held group that are not owned, directly or indirectly, by qualified shareholders.¹³ Less than 50% of the Company's outstanding shares are owned by such 5% or greater shareholders, so the Company is not disqualified by reason of the closely-held exception. The restriction in the Company's certificate of incorporation described in paragraph (8) above is designed to ensure that this will continue to be the case.

So long as the Company meets the requirements of clause (2)(b) above, then each subsidiary in which the Company owns, directly or indirectly, more than 50% of the value of the stock, and that meets the requirements of clause (1) above, will meet the requirements of clause (2)(a) above. In addition, for the portion of 2018 that preceded the Company's acquisition of an interest in Silversea, Silversea and its subsidiaries met the requirements of clause (2)(a) above because Monaco is a country that grants an equivalent exemption for all relevant categories of international shipping income.¹⁴

¹³ Treas. Reg. §1.883-2(d)(3).

¹⁴ Rev. Rul. 2008-17, 2008-1 C.B. 626 (citing Monaco internal law as of January 2005). Our understanding is that there has been no change in the relevant Monaco tax law since January 2005.

Conclusion

Based upon, and subject to the factual representations and assumptions described above, and the legal authorities and limitations set forth below, it is our opinion that the income derived from a U.S. trade or business and/or from sources within the United States by the Company, and by its subsidiaries that own or operate a ship or ships, is excluded from gross income for U.S. Federal income tax purposes pursuant to Code section 883 to the extent derived from or incidental to the international operation of a ship or ships.

* * * * *

This opinion represents our best legal judgment, but it has no binding effect or official status of any kind, and no assurance can be given that contrary positions may not be taken by the IRS or a court considering the issues. We express no opinion relating to any Federal income tax matter except on the basis of the facts described above, and any changes in such facts could require a reconsideration and modification of our opinion. We also express no opinion regarding tax consequences under foreign, state or local laws. In issuing our opinion, we have relied solely upon existing provisions of the Code, existing and proposed regulations under it, and current administrative positions and judicial decisions. Those laws, regulations, administrative positions and judicial decisions are subject to change at any time. Any such changes could affect the validity of the opinion set forth above. Also, future changes in Federal tax laws and the interpretation thereof can have retroactive effect.

Our firm includes lawyers admitted to practice in the Commonwealth of Pennsylvania, the States of California, Delaware, Illinois, New Jersey, New York and Texas, and the District of Columbia. We do not purport to be experts in the laws of any other jurisdiction, aside from U.S. Federal law.

Very truly yours,

/s/ DRINKER BIDDLE & REATH LLP

DRINKER BIDDLE & REATH LLP

POWER OF ATTORNEY
DIRECTORS OF
ROYAL CARIBBEAN CRUISES LTD.

The undersigned directors of Royal Caribbean Cruises Ltd., a Liberian corporation (the “Company”), hereby constitute and appoint Richard D. Fain and Jason T. Liberty and each of them (with full power to each of them to act alone), the true and lawful attorneys-in-fact and agents for the undersigned, and on behalf of the undersigned and in the name, place and stead of the undersigned, in any and all capacities, to sign the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 to be filed by the Company with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, and any and all amendments, applications, or other documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratify and confirm all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

EXECUTED as of the 22nd day of February 2019.

/s/ John F. Brock

 John F. Brock
 Director

/s/ Stephen R. Howe Jr.

 Stephen R. Howe Jr.
 Director

/s/ William L. Kimsey

 William L. Kimsey
 Director

/s/ Maritza G. Montiel

 Maritza G. Montiel
 Director

/s/ Ann S. Moore

 Ann S. Moore
 Director

/s/ Eyal M. Ofer

 Eyal M. Ofer
 Director

/s/ Thomas J. Pritzker

 Thomas J. Pritzker
 Director

/s/ William K. Reilly

 William K. Reilly
 Director

/s/ Bemt Reitan

 Bemt Reitan
 Director

/s/ Vagn O. Sørensen

 Vagn O. Sørensen
 Director

/s/ Donald Thompson

 Donald Thompson
 Director

/s/ Arne Alexander Wilhelmsen

 Arne Alexander Wilhelmsen
 Director

CERTIFICATIONS

I, Richard D. Fain, certify that:

1. I have reviewed this annual report on Form 10-K of Royal Caribbean Cruises Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2019

/s/ Richard D. Fain

Richard D. Fain
Chairman and
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Jason T. Liberty, certify that:

1. I have reviewed this annual report on Form 10-K of Royal Caribbean Cruises Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2019

/s/ Jason T. Liberty

Jason T. Liberty

Executive Vice President, Chief Financial Officer

(Principal Financial Officer)

In connection with the annual report on Form 10-K for the year ended December 31, 2018 as filed by Royal Caribbean Cruises Ltd. with the Securities and Exchange Commission on the date hereof (the "Report"), Richard D. Fain, Chairman and Chief Executive Officer, and Jason T. Liberty, Executive Vice President, Chief Financial Officer, each hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Royal Caribbean Cruises Ltd.

Date: February 22, 2019

By: /s/ Richard D. Fain
Richard D. Fain
Chairman and
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Jason T. Liberty
Jason T. Liberty
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)