UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2017

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: 001-35784

NORWEGIAN CRUISE LINE HOLDINGS LTD.
(Exact name of registrant as specified in its charter)

Bermuda	**98-0691007**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

7665 Corporate Center Drive, Miami, Florida 33126
(Address of principal executive offices) (zip code)

(305) 436-4000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐ (Do not check if a smaller reporting company)	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 Exchange Act). Yes ☐ No ☒

There were 228,463,930 ordinary shares outstanding as of October 31, 2017.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Norwegian Cruise Line Holdings Ltd.
Consolidated Statements of Operations
(Unaudited)
(in thousands, except share and per share data)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Revenue				
Passenger ticket	$ 1,192,023	$ 1,071,815	$ 2,916,731	$ 2,630,405
Onboard and other	459,715	412,921	1,229,891	1,118,798
Total revenue	1,651,738	1,484,736	4,146,622	3,749,203
Cruise operating expense				
Commissions, transportation and other	266,173	249,519	683,628	618,492
Onboard and other	98,476	90,661	250,254	230,416
Payroll and related	206,142	193,122	593,502	554,741
Fuel	91,231	86,250	266,780	248,529
Food	53,883	50,902	147,401	151,674
Other	122,260	114,280	368,640	351,263
Total cruise operating expense	838,165	784,734	2,310,205	2,155,115
Other operating expense				
Marketing, general and administrative	202,221	174,813	587,914	504,694
Depreciation and amortization	134,532	111,575	376,878	317,480
Total other operating expense	336,753	286,388	964,792	822,174
Operating income	476,820	413,614	871,625	771,914
Non-operating income (expense)				
Interest expense, net	(66,339)	(60,662)	(183,495)	(188,836)
Other income (expense), net	(3,262)	(5,333)	(11,686)	(13,281)
Total non-operating income (expense)	(69,601)	(65,995)	(195,181)	(202,117)
Net income before income taxes	407,219	347,619	676,444	569,797
Income tax expense	(6,527)	(5,241)	(15,369)	(8,944)
Net income	$ 400,692	$ 342,378	$ 661,075	$ 560,853
Weighted-average shares outstanding				
Basic	228,267,307	227,096,142	227,891,916	227,102,560
Diluted	229,816,956	227,598,607	229,157,257	227,859,617
Earnings per share				
Basic	$ 1.76	$ 1.51	$ 2.90	$ 2.47
Diluted	$ 1.74	$ 1.50	$ 2.88	$ 2.46

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

Norwegian Cruise Line Holdings Ltd.
Consolidated Statements of Comprehensive Income
(Unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Net income	$ 400,692	$ 342,378	$ 661,075	$ 560,853
Other comprehensive income:				
Shipboard Retirement Plan	104	107	313	323
Cash flow hedges:				
Net unrealized gain	97,276	37,051	221,512	112,508
Amount realized and reclassified into earnings	11,644	18,327	31,593	76,658
Total other comprehensive income	109,024	55,485	253,418	189,489
Total comprehensive income	$ 509,716	$ 397,863	$ 914,493	$ 750,342

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

Norwegian Cruise Line Holdings Ltd.
Consolidated Balance Sheets
(Unaudited)
(in thousands, except share data)

	September 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 522,904	$ 128,347
Accounts receivable, net	56,764	63,215
Inventories	78,915	66,255
Prepaid expenses and other assets	206,251	153,276
Total current assets	864,834	411,093
Property and equipment, net	10,916,824	10,117,689
Goodwill	1,388,931	1,388,931
Tradenames	817,525	817,525
Other long-term assets	277,003	238,673
Total assets	$ 14,265,117	$ 12,973,911
Liabilities and shareholders' equity		
Current liabilities:		
Current portion of long-term debt	$ 605,827	$ 560,193
Accounts payable	45,059	38,002
Accrued expenses and other liabilities	550,774	541,753
Advance ticket sales	1,327,002	1,172,870
Total current liabilities	2,528,662	2,312,818
Long-term debt	6,002,877	5,838,494
Other long-term liabilities	195,974	284,873
Total liabilities	8,727,513	8,436,185
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Ordinary shares, $.001 par value; 490,000,000 shares authorized; 233,770,580 shares issued and 228,458,619 shares outstanding at September 30, 2017 and 232,555,937 shares issued and 227,243,976 shares outstanding at December 31, 2016	233	232
Additional paid-in capital	3,973,350	3,890,119
Accumulated other comprehensive income (loss)	(61,055)	(314,473)
Retained earnings	1,864,331	1,201,103
Treasury shares (5,311,961 ordinary shares at September 30, 2017 and December 31, 2016, at cost)	(239,255)	(239,255)
Total shareholders' equity	5,537,604	4,537,726
Total liabilities and shareholders' equity	$ 14,265,117	$ 12,973,911

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

Norwegian Cruise Line Holdings Ltd.
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities		
Net income	$ 661,075	$ 560,853
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	385,957	327,366
(Gain) loss on derivatives	(71)	1,007
Deferred income taxes, net	16,035	707
Write-off of deferred financing fees	—	11,537
Provision for bad debts and inventory	1,592	1,767
Share-based compensation expense	63,664	48,289
Changes in operating assets and liabilities:		
Accounts receivable, net	571	(11,286)
Inventories	(13,923)	(9,133)
Prepaid expenses and other assets	(14,774)	(16,197)
Accounts payable	3,956	2,551
Accrued expenses and other liabilities	68,425	(9,149)
Advance ticket sales	187,131	180,447
Net cash provided by operating activities	1,359,638	1,088,759
Cash flows from investing activities		
Additions to property and equipment, net	(1,129,514)	(915,936)
Settlement of derivatives	(35,255)	(34,300)
Net cash used in investing activities	(1,164,769)	(950,236)
Cash flows from financing activities		
Repayments of long-term debt	(1,006,620)	(2,687,621)
Repayments to Affiliate	—	(18,522)
Proceeds from long-term debt	1,217,060	2,687,355
Proceeds from employee related plans	28,063	7,215
Net share settlement of restricted share units	(6,342)	—
Purchases of treasury shares	—	(49,999)
Deferred financing fees and other	(32,473)	(37,457)
Net cash provided by (used in) financing activities	199,688	(99,029)
Net increase in cash and cash equivalents	394,557	39,494
Cash and cash equivalents at beginning of period	128,347	115,937
Cash and cash equivalents at end of period	$ 522,904	$ 155,431

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

Norwegian Cruise Line Holdings Ltd.
Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)
(in thousands)

	Ordinary Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance, December 31, 2015	$ 232	$ 3,814,536	$ (412,650)	$ 568,018	$ (189,256)	$ 3,780,880
Share-based compensation	—	48,289	—	—	—	48,289
Issuance of shares under employee related plans	—	7,215	—	—	—	7,215
Treasury shares	—	—	—	—	(49,999)	(49,999)
Other comprehensive income, net	—	—	189,489	—	—	189,489
Net income	—	—	—	560,853	—	560,853
Balance, September 30, 2016	$ 232	$ 3,870,040	$ (223,161)	$ 1,128,871	$ (239,255)	$ 4,536,727
Balance, December 31, 2016	$ 232	$ 3,890,119	$ (314,473)	$ 1,201,103	$ (239,255)	$ 4,537,726
Share-based compensation	—	63,664	—	—	—	63,664
Issuance of shares under employee related plans	1	28,062	—	—	—	28,063
Change in accounting policy (share-based forfeitures)	—	(2,153)	—	2,153	—	—
Net share settlement of restricted share units	—	(6,342)	—	—	—	(6,342)
Other comprehensive income, net	—	—	253,418	—	—	253,418
Net income	—	—	—	661,075	—	661,075
Balance, September 30, 2017	$ 233	$ 3,973,350	$ (61,055)	$ 1,864,331	$ (239,255)	$ 5,537,604

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

Norwegian Cruise Line Holdings Ltd.
Notes to Consolidated Financial Statements
(Unaudited)

Unless otherwise indicated or the context otherwise requires, references in this report to (i) the “Company,” “we,” “our” and “us” refer to NCLH (as defined below) and its subsidiaries (including Prestige (as defined below), except for periods prior to the consummation of the Acquisition of Prestige (as defined below)), (ii) “NCLC” refers to NCL Corporation Ltd., (iii) “NCLH” refers to Norwegian Cruise Line Holdings Ltd., (iv) “Norwegian Cruise Line” or “Norwegian” refers to the Norwegian Cruise Line brand and its predecessors, (v) “Prestige” refers to Prestige Cruises International, Inc., together with its consolidated subsidiaries, and (vi) “PCH” refers to Prestige Cruise Holdings, Inc., Prestige’s direct wholly-owned subsidiary, which in turn is the parent of Oceania Cruises, Inc. (“Oceania Cruises”) and Seven Seas Cruises S. DE R.L. (“Regent”) (Oceania Cruises also refers to the brand by the same name and Regent also refers to the brand Regent Seven Seas Cruises). References to the “U.S.” are to the United States of America, “dollars” or “$” are to U.S. dollars, the “U.K.” are to the United Kingdom and “euros” or “€” are to the official currency of the Eurozone.

1. Description of Business and Organization

We are a leading global cruise company which operates the Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises brands. As of September 30, 2017, we had 25 ships with approximately 50,400 Berths. We plan to introduce seven additional ships through 2025 and we have an option to introduce two additional ships for delivery in 2026 and 2027, subject to certain conditions. Norwegian Bliss and an additional Breakaway Plus Class Ship are on order for delivery in the spring of 2018 and fall of 2019, respectively. We have an Explorer Class Ship on order for delivery in the winter of 2020. Project Leonardo will introduce an additional four ships with expected delivery dates through 2025. These additions to our fleet (exclusive of the option for two additional ships) will increase our total Berths to approximately 72,300.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are unaudited and, in our opinion, contain all normal recurring adjustments necessary for a fair statement of the results for the periods presented.

Our operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire fiscal year. Historically, demand for cruises has been strongest during the Northern Hemisphere’s summer months. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016, which are included in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Reclassification

Certain amounts in prior periods have been reclassified to conform to the current period presentation.

Earnings Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	$ 400,692	$ 342,378	$ 661,075	$ 560,853
Basic weighted-average shares outstanding	228,267,307	227,096,142	227,891,916	227,102,560
Dilutive effect of share awards	1,549,649	502,465	1,265,341	757,057
Diluted weighted-average shares outstanding	229,816,956	227,598,607	229,157,257	227,859,617
Basic earnings per share	$ 1.76	$ 1.51	$ 2.90	$ 2.47
Diluted earnings per share	$ 1.74	$ 1.50	$ 2.88	$ 2.46

For the three months ended September 30, 2017 and 2016, a total of 4.8 million and 8.4 million shares, respectively; and for the nine months ended September 30, 2017 and 2016, a total of 5.9 million and 7.4 million shares, respectively, have been excluded from diluted weighted-average shares outstanding because the effect of including them would have been anti-dilutive.

Revenue and Expense Recognition

Revenue and expenses include port fees and taxes. The amounts included on a gross basis are $94.8 million and $80.3 million for the three months ended September 30, 2017 and 2016, respectively, and $246.9 million and $214.3 million for the nine months ended September 30, 2017 and 2016, respectively.

Foreign Currency

The majority of our transactions are settled in U.S. dollars and the functional currency of our foreign subsidiaries is the U.S. dollar. Gains or losses resulting from transactions denominated in other currencies are recognized in income at each balance sheet date. We recognized losses of $4.0 million and $1.4 million for the three months ended September 30, 2017 and 2016, respectively, and losses of $14.8 million and $1.8 million for the nine months ended September 30, 2017 and 2016, respectively.

Depreciation and Amortization Expense

The amortization of deferred financing fees is included in depreciation and amortization expense in the consolidated statements of cash flows; however, for purposes of the consolidated statements of operations they are included in interest expense, net.

Recently Issued Accounting Pronouncements

In August 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-12 The objectives of this ASU are to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and to make certain targeted improvements to simplify the application of the hedge accounting guidance in current GAAP. This ASU is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. We are currently evaluating the effect that the adoption of this ASU will have on our financial statements.

In January 2017, the FASB issued ASU No. 2017-04 which simplifies the test for goodwill impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. The guidance is effective for annual or any interim goodwill impairment tests in years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We do not expect to early adopt this guidance. We are currently evaluating the impact of the adoption of this guidance to our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15 which amends Topic 230 (Statement of Cash Flows) to eliminate discrepancies in reporting certain items in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods with early adoption permitted. The transition should be made using a retrospective approach. We do not believe that the adoption of this guidance will be material to our consolidated statements of cash flows.

In February 2016, the FASB issued ASU No. 2016-02 which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The ASU requires lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. The ASU further modifies lessors' classification criteria for leases and the accounting for sales-type and direct financing leases. The ASU will also require qualitative and quantitative disclosures designed to give financial statement users additional information on the amount, timing, and uncertainty of cash flows arising from leases. The ASU is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2018 with early adoption permitted. The ASU is to be applied using a modified retrospective approach. To evaluate the impact of the adoption of this guidance, we are currently reviewing our existing leases and evaluating contracts to determine what might be considered a lease under the new guidance.

In May 2014, the FASB issued ASU No. 2014-09 which requires entities to recognize revenue through the application of a five-step model, including identification of the contract, identification of the performance obligations, determination of the transaction price, allocation of the transaction price to the performance obligation and recognition of revenue as the entity satisfies the performance obligations. Entities have the option of using either a full retrospective or a modified approach to adopt the guidance. In August 2015, the FASB issued ASU No. 2015-14 deferring the effective date for one year. We expect to adopt a modified retrospective application for annual periods beginning after December 15, 2017. In April 2016, the FASB issued ASU No. 2016-10 which does not change the core principle of the guidance in ASU No. 2014-09 but clarifies two aspects: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. In May 2016, the FASB issued ASU No. 2016-11 which is a rescission of Securities and Exchange Commission guidance related to the issuance of ASU No. 2014-09. In May 2016, the FASB issued ASU No. 2016-12 which addresses improvements to the guidance on revenue from contracts from customers regarding collectability, noncash consideration, and completed contracts at transition. Additionally, it provides a practical expedient for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers. The effective date of ASU No. 2016-10, ASU No. 2016-11 and ASU No. 2016-12 is upon adoption of ASU No. 2014-09. We have initiated an assessment of our systems, data and processes related to the implementation of these ASUs. This assessment is expected to be completed during 2017. Additionally, we are currently evaluating our performance obligations and believe that our application of the guidance could result in changes in classification and will result in additional disclosures. We also are evaluating other criteria such as the timing of contract terms, gross and net presentation and other items that the guidance addresses.

3. Intangible Assets

The carrying amounts of intangible assets subject to amortization are included within other long-term assets. As of September 30, 2017, the carrying amount of the indefinite-lived license is included in prepaid expenses and other assets as it is held for sale. The gross carrying amounts of intangible assets, the related accumulated amortization, the net carrying amounts and the weighted-average amortization periods of the Company's intangible assets are listed in the following tables (in thousands, except amortization period):

	September 30, 2017			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Amortization Period (Years)
Customer relationships	$ 120,000	$ (59,298)	$ 60,702	6.0
Licenses	3,368	(1,382)	1,986	5.6
Non-compete agreements	660	(660)	—	1.0
Total intangible assets subject to amortization	$ 124,028	$ (61,340)	$ 62,688	
License (Indefinite-lived)	$ 4,427			

	December 31, 2016			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Amortization Period (Years)
Customer relationships	$ 120,000	$ (36,593)	$ 83,407	6.0
Licenses	3,368	(807)	2,561	5.6
Non-compete agreements	660	(495)	165	1.0
Total intangible assets subject to amortization	$ 124,028	$ (37,895)	$ 86,133	
License (Indefinite-lived)	$ 4,427			

The aggregate amortization expense is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Amortization expense	$ 7,780	$ 5,601	$ 23,445	$ 16,552

The following table sets forth the Company's estimated aggregate amortization expense for each of the five years below (in thousands):

Year ended December 31,	Amortization Expense
2018	$ 26,163
2019	18,489
2020	9,906
2021	75
2022	75

4. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) for the nine months ended September 30, 2017 was as follows (in thousands):

	Accumulated Other Comprehensive Income (Loss)	Change Related to Cash Flow Hedges	Change Related to Shipboard Retirement Plan
Accumulated other comprehensive income (loss) at beginning of period	$ (314,473)	$ (307,618)	$ (6,855)
Current period other comprehensive income before reclassifications	221,512	221,512	—
Amounts reclassified into earnings	31,906	31,593(1)	313(2)
Accumulated other comprehensive income (loss) at end of period	$ (61,055)	$ (54,513)(3)	$ (6,542)

(1) We refer you to Note 6— "Fair Value Measurements and Derivatives" for the affected line items in the consolidated statements of operations.
(2) Amortization of prior-service cost and actuarial loss reclassified to payroll and related expense.
(3) Includes $23.6 million of loss expected to be reclassified into earnings in the next 12 months.

Accumulated other comprehensive income (loss) for the nine months ended September 30, 2016 was as follows (in thousands):

	Accumulated Other Comprehensive Income (Loss)	Change Related to Cash Flow Hedges	Change Related to Shipboard Retirement Plan
Accumulated other comprehensive income (loss) at beginning of period	$ (412,650)	$ (405,298)	$ (7,352)
Current period other comprehensive income before reclassifications	112,508	112,508	—
Amounts reclassified into earnings	76,981	76,658(1)	323(2)
Accumulated other comprehensive income (loss) at end of period	$ (223,161)	$ (216,132)	$ (7,029)

(1) We refer you to Note 6— "Fair Value Measurements and Derivatives" for the affected line items in the consolidated statements of operations.
(2) Amortization of prior-service cost and actuarial loss reclassified to payroll and related expense.

5. Property and Equipment, net

Property and equipment, net increased $799.1 million for the nine months ended September 30, 2017 primarily due to the delivery of Norwegian Joy, ships under construction and ship improvement projects. As of September 30, 2017, in connection with the pending sale of our Hawaii land-based operations, we had $21.5 million of assets included in prepaid expenses and other, which are primarily related to property and equipment, and $7.7 million of liabilities included in accrued expenses and other liabilities. These assets and liabilities are classified as held for sale. Accordingly, for the three months ended September 30, 2017, these assets were measured at fair value less costs to sell which resulted in an impairment on assets of $2.9 million which was included in property and equipment and depreciation and amortization. The fair value was based on the purchase price which represents the observable market value of these operations which are level 2 within the fair value hierarchy. The sale was consummated on October 31, 2017. Upon the closing of the transaction, we accepted a promissory note from the buyer for approximately $9.7 million.

6. Fair Value Measurements and Derivatives

Fair value is defined as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

Fair Value Hierarchy

The following hierarchy for inputs used in measuring fair value should maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that the most observable inputs be used when available:

Level 1 Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement dates.

Level 2 Significant other observable inputs that are used by market participants in pricing the asset or liability based on market data obtained from independent sources.

Level 3 Significant unobservable inputs we believe market participants would use in pricing the asset or liability based on the best information available.

Derivatives

We are exposed to market risk attributable to changes in interest rates, foreign currency exchange rates and fuel prices. We attempt to minimize these risks through a combination of our normal operating and financing activities and through the use of derivatives. We assess whether derivatives used in hedging transactions are “highly effective” in offsetting changes in the cash flow of our hedged forecasted transactions. We use regression analysis for this hedge relationship and high effectiveness is achieved when a statistically valid relationship reflects a high degree of offset and correlation between the fair values of the derivative and the hedged forecasted transaction. Cash flows from the derivatives are classified in the same category as the cash flows from the underlying hedged transaction. The determination of ineffectiveness is based on the amount of dollar offset between the cumulative change in fair value of the derivative and the cumulative change in fair value of the hedged transaction at the end of the reporting period. If it is determined that a derivative is not highly effective as a hedge, or if the hedged forecasted transaction is no longer probable of occurring, then the amount recognized in accumulated other comprehensive income (loss) is released to earnings. In addition, the ineffective portion of our highly effective hedges is recognized in earnings immediately and reported in other income (expense), net in our consolidated statements of operations. There are no amounts excluded from the assessment of hedge effectiveness and there are no credit-risk-related contingent features in our derivative agreements.

We monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. Credit risk, including but not limited to counterparty non-performance under derivatives and our New Revolving Loan Facility (as defined in Note 12— “Subsequent Events”, is not considered significant, as we primarily conduct business with large, well-established financial institutions that we have established relationships with and that have credit risks acceptable to us or the credit risk is spread out among a large number of creditors. We do not anticipate non-performance by any of our significant counterparties.

The following table sets forth our derivatives measured at fair value and discloses the balance sheet location (in thousands):

		Asset		Liability	
	Balance Sheet location	**September 30, 2017**	**December 31, 2016**	**September 30, 2017**	**December 31, 2016**
Fuel swaps designated as hedging instruments					
	Prepaid expenses and other assets	$ 5,796	$ 20,288	$ —	$ —
	Other long-term assets	4,636	—	1,903	—
	Accrued expenses and other liabilities	4,237	—	26,069	44,271
	Other long-term liabilities	7,724	13,237	17,578	38,608
Foreign currency forward contracts designated as hedging instruments					
	Prepaid expenses and other assets	41,983	—	1,354	—
	Other long-term assets	65,780	14	—	—
	Accrued expenses and other liabilities	—	—	—	61,788
	Other long-term liabilities	—	—	—	88,920
Interest rate swaps designated as hedging instruments					
	Accrued expenses and other liabilities	—	—	1,876	3,331
	Other long-term liabilities	—	—	—	1,151

The fair values of swap and forward contracts are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. The Company determines the value of options and collars utilizing an option pricing model based on inputs that are either readily available in public markets or can be derived from information available in publicly quoted markets. The option pricing model used by the Company is an industry standard model for valuing options and is used by the broker/dealer community. The inputs to this option pricing model are the option strike price, underlying price, risk-free rate of interest, time to expiration, and volatility. The fair value of option contracts considers both the intrinsic value and any remaining time value associated with those derivatives that have not yet settled. The Company also considers counterparty credit risk and its own credit risk in its determination of all estimated fair values. Our derivatives and financial instruments were categorized as Level 2 in the fair value hierarchy, and we had no derivatives or financial instruments categorized as Level 1 or Level 3. Our derivative contracts include rights of offset with our counterparties. We have elected to net certain assets and liabilities within counterparties when the rights of offset exist. We are not required to post cash collateral related to our derivative instruments.

The following table discloses the gross and net amounts recognized within assets and liabilities (in thousands):

September 30, 2017	Gross Amounts	Gross Amounts Offset	Total Net Amounts	Gross Amounts Not Offset	Net Amounts
Assets	$ 118,195	$ (3,257)	$ 114,938	$ (100,582)	$ 14,356
Liabilities	45,523	(11,961)	33,562	(1,876)	31,686

December 31, 2016	Gross Amounts	Gross Amounts Offset	Total Net Amounts	Gross Amounts Not Offset	Net Amounts
Assets	$ 20,302	$ —	$ 20,302	$ (14)	$ 20,288
Liabilities	238,069	(13,237)	224,832	(155,190)	69,642

Fuel Swaps

As of September 30, 2017, we had fuel swaps maturing through December 31, 2020 which are used to mitigate the financial impact of volatility in fuel prices pertaining to approximately 1.4 million metric tons of our projected fuel purchases.

The effects on the consolidated financial statements of the fuel swaps which were designated as cash flow hedges were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Gain (loss) recognized in other comprehensive income – effective portion	$ 30,452	$ (157)	$ (635)	$ 76,145
Gain (loss) recognized in other income (expense), net – ineffective portion	496	(2,602)	(305)	(11,353)
Amount reclassified from accumulated other comprehensive income (loss) into fuel expense	9,795	16,427	26,382	68,004

We had fuel swaps that matured which were not designated as cash flow hedges. These fuel swaps were previously designated as cash flow hedges and were dedesignated due to a change in our expected future fuel purchases mix.

The effects on the consolidated financial statements of the fuel swaps which were dedesignated and recognized into earnings were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Loss recognized in other income (expense), net	$ —	$ (179)	$ —	$ (271)
Amount reclassified from accumulated other comprehensive income (loss) into other income (expense), net	—	—	—	2,994

Foreign Currency Options

We had foreign currency options that matured which consisted of call options with deferred premiums. These options were used to mitigate the financial impact of volatility in foreign currency exchange rates related to our ship construction contracts denominated in euros. If the spot rate at the date the ships were delivered was less than the strike price under these option contracts, we would have paid the deferred premium and would not exercise the foreign currency options.

The effects on the consolidated financial statements of the foreign currency options which were designated as cash flow hedges were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Amount reclassified from accumulated other comprehensive income (loss) into depreciation and amortization expense	$ 330	$ 330	$ 990	$ 990

Foreign Currency Forward Contracts

As of September 30, 2017, we had foreign currency forward contracts which are used to mitigate the financial impact of volatility in foreign currency exchange rates related to our ship construction contracts denominated in euros. The notional amount of our foreign currency forward contracts was €1.8 billion, or $2.1 billion based on the euro/U.S. dollar exchange rate as of September 30, 2017.

The effects on the consolidated financial statements of the foreign currency forward contracts which were designated as cash flow hedges were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Gain recognized in other comprehensive income – effective portion	$ 66,849	$ 36,390	$ 221,913	$ 39,001
Loss recognized in other income (expense), net – ineffective portion	—	(190)	(66)	(181)
Amount reclassified from accumulated other comprehensive income (loss) into depreciation and amortization expense	918	665	2,192	1,966

The effects on the consolidated financial statements of foreign currency forward contracts which were not designated as cash flow hedges were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Loss recognized in other income (expense), net	$ —	$ —	$ —	$ (6,133)

Foreign Currency Collar

We had foreign currency collars that matured and were used to mitigate the volatility of foreign currency exchange rates related to our ship construction contracts denominated in euros.

The effects on the consolidated financial statements of the foreign currency collar which was designated as a cash flow hedge was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Amount reclassified from accumulated other comprehensive income (loss) into depreciation and amortization expense	$ (91)	$ (91)	$ (273)	$ (273)

The effect on the consolidated financial statements of the foreign currency collar which was not designated as a cash flow hedge was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Gain recognized in other income (expense), net	$ —	$ —	$ —	$ 10,312

Interest Rate Swaps

As of September 30, 2017, we had interest rate swap agreements to hedge our exposure to interest rate movements and to manage our interest expense. The notional amount of outstanding debt associated with the interest rate swap agreements was $237.2 million as of September 30, 2017.

The effects on the consolidated financial statements of the interest rate swaps which were designated as cash flow hedges were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Gain (loss) recognized in other comprehensive income – effective portion	$ (25)	$ 818	$ 234	$ (2,638)
Gain recognized in other income (expense), net – ineffective portion	—	—	—	3
Amount reclassified from accumulated other comprehensive income (loss) into interest expense, net	691	996	2,301	2,977

Long-Term Debt

As of September 30, 2017 and December 31, 2016, the fair value of our long-term debt, including the current portion, was $6,796.4 million and $6,525.7 million, respectively, which was $62.0 million and $11.6 million higher, respectively, than the carrying values. The difference between the fair value and carrying value of our long-term debt is due to our fixed and variable rate debt obligations carrying interest rates that are above or below market rates at the measurement dates. The fair value of our long-term debt was calculated based on estimated rates for the same or similar instruments with similar terms and remaining maturities resulting in Level 2 inputs in the fair value hierarchy. Market risk associated with our long-term variable rate debt is the potential increase in interest expense from an increase in interest rates. The calculation of the fair value of our long-term debt is considered a Level 2 input. We refer you to Note 12— "Subsequent Events" for further information about our long-term debt.

Other

The carrying amounts reported in the consolidated balance sheets of all other financial assets and liabilities approximate fair value.

7. Employee Benefits and Compensation Plans

Share-Based Compensation

As a result of NCLH's adoption of ASU No. 2016-09, beginning in the first quarter of 2017, NCLH began accounting for forfeitures as they occur, rather than estimating expected forfeitures. Pursuant to the modified-retrospective application, the net cumulative effect of this change was recognized as a $2.2 million increase to retained earnings as of January 1, 2017 (we refer you to our consolidated statements of changes in shareholders' equity).

Share Option Awards

The following is a summary of option activity under NCLH's Amended and Restated 2013 Performance Incentive Plan for the nine months ended September 30, 2017 (excludes the impact of 208,335 previously awarded performance-based options as no grant date has been established):

	Number of Share Option Awards			Weighted-Average Exercise Price			Weighted-Average Contractual Term	Aggregate Intrinsic Value
	Time-Based Awards	Performance-Based Awards	Market-Based Awards	Time-Based Awards	Performance-Based Awards	Market-Based Awards	(years)	(in thousands)
Outstanding as of January 1, 2017	7,775,058	432,978	208,333	$ 48.04	$ 23.86	$ 59.43	7.81	$ 35,429
Granted	—	156,249	—	—	59.43	—	—	—
Exercised	(704,339)	(83,288)	—	33.92	19.00	—	—	—
Forfeited and cancelled	(385,070)	(93,749)	—	54.42	59.43	—	—	—
Outstanding as of September 30, 2017	6,685,649	412,190	208,333	$ 49.16	$ 30.24	$ 59.43	7.22	$ 54,689

Restricted Ordinary Share Awards

The following is a summary of restricted NCLH ordinary share activity for the nine months ended September 30, 2017:

	Number of Time-Based Awards	Weighted-Average Grant Date Fair Value
Non-vested as of January 1, 2017	16,872	$ 7.63
Granted	—	—
Vested	(15,702)	4.94
Forfeited or expired	—	—
Non-vested and expected to vest as of September 30, 2017	1,170	$ 43.70

Restricted Share Unit Awards

On March 1, 2017, NCLH granted 1.7 million time-based restricted share unit awards to our employees which vest equally over three years. Additionally, on March 1, 2017, NCLH awarded 121,000 performance-based restricted share units to certain members of our management team which vest upon the achievement of certain pre-established performance targets.

The following is a summary of restricted share unit activity for the nine months ended September 30, 2017 (excludes the impact of 329,146 previously awarded performance-based restricted share units as no grant date was established):

	Number of Time-Based Awards	Weighted-Average Grant Date Fair Value	Number of Performance-Based Awards	Weighted-Average Grant Date Fair Value	Number of Market-Based Awards	Weighted-Average Grant Date Fair Value
Non-vested as of January 1, 2017	1,305,335	$ 50.38	—	$ —	50,000	$ 59.43
Granted	1,803,327	51.13	37,500	49.76	—	—
Vested	(447,503)	50.55	(15,000)	49.76	—	—
Forfeited or expired	(70,179)	50.71	(22,500)	49.76	—	—
Non-vested and expected to vest as of September 30, 2017	2,590,980	50.86	—	—	50,000	59.43

The share-based compensation expense for the three months ended September 30, 2017 was $21.5 million of which $18.6 million was recorded in marketing, general and administrative expense and $2.9 million was recorded in payroll and related expense. The share-based compensation expense for the nine months ended September 30, 2017 was $63.7 million of which $57.1 million was recorded in marketing, general and administrative expense and $6.6 million was recorded in payroll and related expense.

8. Commitments and Contingencies

Ship Construction Contracts

Project Leonardo will introduce an additional four ships with expected delivery dates through 2025 and we have an option to introduce two additional ships for delivery in 2026 and 2027, subject to certain conditions. These four ships are each approximately 140,000 Gross Tons with approximately 3,300 Berths. We have an Explorer Class Ship on order for delivery in the winter of 2020. This ship is approximately 55,000 Gross Tons and 750 Berths. We have two Breakaway Plus Class Ships on order for delivery in the spring of 2018 and fall of 2019, respectively. These ships are approximately 168,000 Gross Tons each with approximately 4,000 Berths each. The combined contract price of these seven ships was approximately €5.5 billion, or $6.5 billion based on the euro/U.S. dollar exchange rate as of September 30, 2017. We have export credit financing in place that provides financing for 80% of each ship's contract price. For ships expected to be delivered after 2023, the contract price is subject to adjustment under certain circumstances.

In connection with the contracts to build the ships, we do not anticipate any contractual breach or cancellation to occur. However, if any would occur, it could result in, among other things, the forfeiture of prior deposits or payments made by us and potential claims and impairment losses which may materially impact our business, financial condition and results of operations.

Litigation

In the normal course of our business, various claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of our liability is typically limited to our deductible amount.

Nonetheless, the ultimate outcome of the claims and lawsuits that are not covered by insurance cannot be determined at this time. We have evaluated our overall exposure with respect to all of our threatened and pending litigation and, to the extent required, we have accrued amounts for all estimable probable losses associated with our deemed exposure. We are currently unable to estimate any other potential contingent losses beyond those accrued, as discovery is not complete nor is adequate information available to estimate such range of loss or potential recovery. However, based on our current knowledge, we do not believe that the aggregate amount or range of reasonably possible losses with respect to these matters will be material to our consolidated results of operations, financial condition or cash flows. We intend to vigorously defend our legal position on all claims and, to the extent necessary, seek recovery.

9. Other Income (Expense), Net

For the three months ended September 30, 2017, other income (expense), net was a $3.3 million expense, primarily due to foreign currency exchange losses. For the three months ended September 30, 2016, the $5.3 million expense was due to foreign currency exchange and fuel swap derivative losses. For the nine months ended September 30, 2017, the $11.7 million expense included foreign currency exchange losses partially offset by a gain from an insurance claim. For the nine months ended September 30, 2016, the $13.3 million expense included losses on fuel swap derivatives partially offset by gains on foreign exchange forward derivatives.

10. Income Tax Expense

Income tax expense for 2017 reflects a tax benefit of $11.6 million associated with the reversal of prior years' tax contingency reserves due to the expiration of the statute of limitations.

11. Supplemental Cash Flow Information

For the nine months ended September 30, 2017 and 2016, we had non-cash investing activities in connection with property and equipment of $15.2 million and $22.3 million, respectively. For the nine months ended September 30, 2017, we had non-cash investing activities in connection with capital leases of $13.3 million.

12. Subsequent Events

NCLC, a subsidiary of NCLH, entered into a Third Amended and Restated Credit Agreement, dated as of October 10, 2017, with a subsidiary of NCLC, as co-borrower, JPMorgan Chase Bank, N.A. ("JPM"), as administrative agent and as collateral agent, and a syndicate of other banks party thereto as joint bookrunners, arrangers, codocumentation agents and lenders (the "Amended Senior Secured Credit Facility"), which amends and restates that certain Second Amended and Restated Credit Agreement, dated as of June 6, 2016, by and among NCLC, JPM, as administrative agent and as collateral agent, and a syndicate of other banks party thereto as joint bookrunners, arrangers, co-documentation agents and lenders (the "Existing Senior Secured Credit Facility"). The Amended Senior Secured Credit Facility amends the Existing Senior Secured Credit Facility to, among other things, (a) reprice and increase the existing $750 million revolving credit facility with a new $875 million revolving credit facility (the "New Revolving Loan Facility"), (b) reprice the approximately $1,412 million principal amount outstanding under the existing senior secured term A facility (the "New Term A Loan Facility"), and (c) add a new $375 million term B loan facility due 2021 (the "New Term B Loan Facility"). The applicable margin under the New Term A Loan Facility and New Revolving Loan Facility is determined by reference to a total leverage ratio, with an applicable margin of between 2.00% and 1.25% with respect to Eurocurrency loans and between 1.00% and 0.25% with respect to base rate loans. The margin for borrowings under the New Term A Loan Facility and New Revolving Loan Facility is 1.75% with respect to Eurocurrency borrowings and 0.75% with respect to base rate borrowings. The applicable margin under the New Term B Loan Facility is 1.75% with respect to Eurocurrency loans and 0.75% with respect to base rate loans. NCLC used proceeds from the New Term B Loan Facility and cash on hand for the Redemption (as defined below).

On October 10, 2017, NCLC completed the redemption of all its outstanding 4.625% Senior Notes due 2020 ("Notes"), at a price including accrued and unpaid interest, of $1,044.41 per $1,000 of outstanding principal amount of Notes so redeemed (the "Redemption"). No Notes remained outstanding after the redemption.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this report constitute forward-looking statements within the meaning of the U.S. federal securities laws intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained, or incorporated by reference, in this report, including, without limitation, those regarding our business strategy, financial position, results of operations, plans, prospects and objectives of management for future operations (including development plans and objectives relating to our activities), are forward-looking statements. Many, but not all, of these statements can be found by looking for words like "expect," "anticipate," "goal," "project," "plan," "believe," "seek," "will," "may," "forecast," "estimate," "intend" and "future" and similar words. Forward-looking statements do not guarantee future performance and may involve risks, uncertainties and other factors which 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 the impact of:

- adverse general economic and related factors, such as fluctuating or increasing levels of unemployment, underemployment and the volatility of fuel prices, declines in the securities and real estate markets, and perceptions of these conditions that decrease the level of disposable income of consumers or consumer confidence;
- adverse events impacting the security of travel, such as terrorist acts, armed conflict and threats thereof, acts of piracy, and other international events;
- the risks and increased costs associated with operating internationally;
- our expansion into and investments in new markets;
- breaches in data security or other disturbances to our information technology and other networks;
- the spread of epidemics and viral outbreaks;
- adverse incidents involving cruise ships;
- changes in fuel prices and/or other cruise operating costs;
- any impairment of our tradenames or goodwill;
- our hedging strategies;
- our inability to obtain adequate insurance coverage;
- our substantial indebtedness, including the ability to raise additional capital to fund our operations, and to generate the necessary amount of cash to service our existing debt;
- restrictions in the agreements governing our indebtedness that limit our flexibility in operating our business;
- the significant portion of our assets pledged as collateral under our existing debt agreements and the ability of our creditors to accelerate the repayment of our indebtedness;
- volatility and disruptions in the global credit and financial markets, which may adversely affect our ability to borrow and could increase our counterparty credit risks, including those under our credit facilities, derivatives, contingent obligations, insurance contracts and new ship progress payment guarantees;
- fluctuations in foreign currency exchange rates;
- overcapacity in key markets or globally;
- our inability to recruit or retain qualified personnel or the loss of key personnel;
- future changes relating to how external distribution channels sell and market our cruises;
- our reliance on third parties to provide hotel management services to certain ships and certain other services;
- delays in our shipbuilding program and ship repairs, maintenance and refurbishments;
- future increases in the price of, or major changes or reduction in, commercial airline services;
- seasonal variations in passenger fare rates and occupancy levels at different times of the year;
- our ability to keep pace with developments in technology;
- amendments to our collective bargaining agreements for crew members and other employee relation issues;
- the continued availability of attractive port destinations;
- pending or threatened litigation, investigations and enforcement actions;
- changes involving the tax and environmental regulatory regimes in which we operate; and
- other factors set forth under "Risk Factors" in our most recently filed Annual Report on Form 10-K, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the Securities and Exchange Commission (the "SEC").

The above examples are not exhaustive and new risks emerge from time to time. Such forward-looking statements are based on our current beliefs, assumptions, expectations, estimates and projections regarding our present and future business strategies and the environment in which we expect to operate in the future. These forward-looking statements speak only as of the date made. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in our expectations with regard thereto or any change of events, conditions or circumstances on which any such statement was based, except as required by law.

Terminology

This report includes certain non-GAAP financial measures, such as Net Revenue, Net Yield, Net Cruise Cost, Adjusted Net Revenue, Adjusted Net Yield, Adjusted Net Cruise Cost Excluding Fuel, Adjusted EBITDA, Adjusted Net Income and Adjusted EPS. Definitions of these non-GAAP financial measures are included below. For further information about our non-GAAP financial measures including detailed adjustments made in calculating our non-GAAP financial measures and a reconciliation to the most directly comparable GAAP financial measure, we refer you to "Results of Operations" below.

Unless otherwise indicated in this report, the following terms have the meanings set forth below:

• *Acquisition of Prestige.* In November 2014, pursuant to the Merger Agreement, we acquired Prestige in a cash and stock transaction for total consideration of $3.025 billion, including the assumption of debt.

• *Adjusted EBITDA.* EBITDA adjusted for other income (expense), net and other supplemental adjustments.

• *Adjusted EPS.* Adjusted Net Income divided by the number of diluted weighted-average shares outstanding.

• *Adjusted Net Cruise Cost Excluding Fuel.* Net Cruise Cost Excluding Fuel expense adjusted for supplemental adjustments.

• *Adjusted Net Income.* Net income adjusted for supplemental adjustments.

• *Adjusted Net Revenue.* Net Revenue adjusted for supplemental adjustments.

• *Adjusted Net Yield.* Net Yield adjusted for supplemental adjustments.

• *Bareboat Charter.* The hire of a ship for a specified period of time whereby no crew or provisions are provided by the Company.

• *Berths.* Double occupancy capacity per cabin (single occupancy per studio cabin) even though many cabins can accommodate three or more passengers.

• *Breakaway Class Ships.* Norwegian Breakaway and Norwegian Getaway.

• *Breakaway Four Loan Facility.* €729.9 million Breakaway four loan due 2029.

• *Breakaway Plus Class Ships.* Norwegian Escape, Norwegian Joy, Norwegian Bliss and a fourth ship on order.

• *Business Enhancement Capital Expenditures.* Capital expenditures other than those related to new ship construction and ROI Capital Expenditures.

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

• *Constant Currency.* A calculation whereby foreign currency-denominated revenue and expenses in a period are converted at the U.S. dollar exchange rate of a comparable period in order to eliminate the effects of the foreign exchange fluctuations.

• *Dry-dock.* A process whereby a ship is positioned in a large basin where all of the fresh/sea water is pumped out in order to carry out cleaning and repairs of those parts of a ship which are below the water line.

• *EBITDA.* Earnings before interest, taxes, and depreciation and amortization.

• *EPS.* Earnings per share.

• *Existing Revolving Loan Facility.* $750.0 million senior secured revolving credit facility that was amended and restated by the New Revolving Loan Facility on October 10, 2017.

• *Explorer Class Ships.* Regent's Seven Seas Explorer and a second ship on order.

• *GAAP.* Generally accepted accounting principles in the U.S.

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

• *Gross Tons.* A unit of enclosed passenger space on a cruise ship, such that one gross ton = 100 cubic feet or 2.831 cubic meters.

• *Gross Yield.* Total revenue per Capacity Day.

• *Merger Agreement.* Agreement and Plan of Merger, dated as of September 2, 2014, by and among Prestige, NCLH, Portland Merger Sub, Inc. and Apollo Management, L.P., as amended, for the Acquisition of Prestige.

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

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

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

• *Net Yield.* Net Revenue per Capacity Day.

• *New Revolving Loan Facility.* $875.0 million senior secured revolving credit facility which amends the Existing Revolving Loan Facility, maturing on June 6, 2021.

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

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

• *Project Leonardo.* The next generation of ships for our Norwegian brand.

• *ROI Capital Expenditures.* Comprised of project-based capital expenditures which have a quantified return on investment.

• *Secondary Equity Offering(s).* Secondary public offering(s) of NCLH's ordinary shares in August 2017, December 2015, August 2015, May 2015, March 2015, March 2014, December 2013 and August 2013.

• *Shipboard Retirement Plan*. An unfunded defined benefit pension plan for certain crew members which computes benefits based on years of service, subject to certain requirements.

Non-GAAP Financial Measures

We use certain non-GAAP financial measures, such as Net Revenue, Adjusted Net Revenue, Net Yield, Adjusted Net Yield, Net Cruise Cost, Adjusted Net Cruise Cost Excluding Fuel, Adjusted EBITDA, Adjusted Net Income and Adjusted EPS, to enable us to analyze our performance. See "Terminology" for the definitions of these non-GAAP financial measures. We utilize Net Revenue and Net Yield to manage our business on a day-to-day basis and believe that they are the most relevant measures of our revenue performance because they reflect the revenue earned by us net of significant variable costs. In measuring our ability to control costs in a manner that positively impacts net income, we believe changes in Net Cruise Cost and Adjusted Net Cruise Cost Excluding Fuel to be the most relevant indicators of our performance.

As our business includes the sourcing of passengers and deployment of vessels outside of the U.S., a portion of our revenue and expenses are denominated in foreign currencies, particularly British pound, Canadian dollar, euro and Australian dollar which are subject to fluctuations in currency exchange rates versus our reporting currency, the U.S. dollar. In order to monitor results excluding these fluctuations, we calculate certain non-GAAP measures on a Constant Currency basis whereby current period revenue and expenses denominated in foreign currencies are converted to U.S. dollars using currency exchange rates of the comparable period. We believe that presenting these non-GAAP measures on both a reported and Constant Currency basis is useful in providing a more comprehensive view of trends in our business.

We believe that Adjusted EBITDA is appropriate as a supplemental financial measure as it is used by management to assess operating performance. We also believe that Adjusted EBITDA is a useful measure in determining our performance as it reflects certain operating drivers of our business, such as sales growth, operating costs, marketing, general and administrative expense and other operating income and expense. Adjusted EBITDA is not a defined term under GAAP nor is it intended to be a measure of liquidity or cash flows from operations or a measure comparable to net income as it does not take into account certain requirements such as capital expenditures and related depreciation, principal and interest payments and tax payments and it includes other supplemental adjustments.

In addition, Adjusted Net Revenue and Adjusted Net Yield, which exclude certain business combination accounting entries, are non-GAAP financial measures that we believe are useful as supplemental measures in evaluating the performance of our operating business and provide greater transparency into our results of operations. Adjusted Net Income and Adjusted EPS are non-GAAP financial measures that exclude certain amounts and are used to supplement GAAP net income and EPS. We use Adjusted Net Income and Adjusted EPS as key performance measures of our earnings performance. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparison to our historical performance. In addition, management uses Adjusted EPS as a performance measure for our incentive compensation. The amounts excluded in the presentation of these non-GAAP financial measures may vary from period to period; accordingly, our presentation of Adjusted Net Revenue, Adjusted Net Yield, Adjusted Net Income and Adjusted EPS may not be indicative of future adjustments or results. For example, for the year ended December 31, 2016, we incurred $28.0 million related to the extinguishment of debt due to the refinancing of certain credit facilities. We included this as an adjustment in the reconciliation of Adjusted Net Income since the extinguishment of debt is not representative of our day-to-day operations and we have included similar adjustments in prior periods; however, this adjustment did not occur and is not included in the periods presented within this Form 10-Q.

You are encouraged to evaluate each adjustment used in calculating our non-GAAP financial measures and the reasons we consider our non-GAAP financial measures appropriate for supplemental analysis. In evaluating our non-GAAP financial measures, you should be aware that in the future we may incur expenses similar to the adjustments in our presentation. Our non-GAAP financial measures have limitations as analytical tools, and you should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of our non-GAAP financial measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our non-GAAP financial measures may not be comparable to other companies. Please see a historical reconciliation of these measures to the most comparable GAAP measure presented in our consolidated financial statements below in the "Results of Operations" section.

Financial Presentation

Revenue from our cruise and cruise-related activities are categorized by us as "passenger ticket revenue" and "onboard and other revenue." Passenger ticket revenue and onboard and other revenue vary according to product offering, the size of the ship in operation, the length of cruises operated and the markets in which the ship operates. Our revenue is seasonal based on demand for cruises, which has historically been strongest during the Northern Hemisphere's summer months.

Passenger ticket revenue primarily consists of revenue for accommodations, meals in certain restaurants on the ship, certain onboard entertainment, and includes revenue for service charges and air and land transportation to and from the ship to the extent guests purchase these items from us. Onboard and other revenue primarily consists of revenue from gaming, beverage sales, shore excursions, specialty dining, retail sales, spa services, photo services as well as certain Bareboat Charter revenue. We record onboard revenue from onboard activities we perform directly or that are performed by independent concessionaires, from which we receive a share of their revenue.

Our cruise operating expense is classified as follows:

- Commissions, transportation and other primarily consists of direct costs associated with passenger ticket revenue. These costs include travel agent commissions, air and land transportation expenses, related credit card fees, costs associated with service charges, certain port expenses and the costs associated with shore excursions and hotel accommodations included as part of the overall cruise purchase price.

- Onboard and other primarily consists of direct costs that are incurred in connection with onboard and other revenue. These include costs incurred in connection with gaming, beverage sales and shore excursions.

- Payroll and related consists of the cost of wages and benefits for shipboard employees and costs of certain inventory items, including food, for a third party that provides crew and other hotel services for certain ships.

- Fuel includes fuel costs, the impact of certain fuel hedges and fuel delivery costs.

- Food consists of food costs for passengers and crew on certain ships.

- Other consists of repairs and maintenance (including Dry-dock costs), ship insurance and other ship expenses.

Critical Accounting Policies

For a discussion of our critical accounting policies and estimates, see "Critical Accounting Policies" included in our Annual Report on Form 10-K for the year ended December 31, 2016 under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." We have made no significant changes to our critical accounting policies and estimates from those described in our Annual Report on Form 10-K for the year ended December 31, 2016.

However, in accordance with Item 303(a)(3)(ii) of Regulation S-K and Section V of SEC Release No. 33-8350, we are including additional disclosure which is presented below:

Asset Impairment

We review our long-lived assets, principally ships, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets are grouped and evaluated at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. We consider historical performance and future estimated results in our evaluation of potential impairment and then compare the carrying amount of the asset to the estimated future cash flows expected to result from the use of the asset. If the carrying amount of the asset exceeds the estimated expected undiscounted future cash flows, we measure the amount of the impairment by comparing the carrying amount of the asset to its fair value. We estimate fair value based on the best information available making whatever estimates, judgments and projections we considered necessary. The estimation of fair value is generally measured by discounting expected future cash flows at discount rates commensurate with the risk involved.

We evaluate goodwill for impairment annually or more frequently when an event occurs or circumstances change that indicates the carrying value of a reporting unit may not be recoverable. For our evaluation of goodwill and tradenames we use the Step 0 Test which allows us to first assess qualitative factors to determine whether it is more likely than not (i.e., more than 50%) that the fair value of a reporting unit is less than its carrying value. In order to make this evaluation, we consider the following circumstances:

- General macroeconomic conditions such as a deterioration in general economic conditions; limitations on accessing capital; fluctuations in foreign exchange rates; or other developments in equity and credit markets;
- Industry and market conditions such as a deterioration in the environment in which an entity operates; an increased competitive environment; a decline in market-dependent multiples or metrics (in both absolute terms and relative to peers); a change in the market for an entity’s products or services; or a regulatory or political development;
- Changes in cost factors that have a negative effect on earnings and cash flows;
- Overall financial performance (for both actual and expected performance);
- Entity and reporting unit-specific events such as changes in management, key personnel, strategy, or customers; litigation; or a change in the composition or carrying amount of net assets; and
- Share price (in both absolute terms and relative to peers).

We believe our estimates and judgments with respect to our long-lived assets, principally ships, and goodwill and other indefinite-lived intangible assets are reasonable. Nonetheless, if there was a material change in assumptions used in the determination of such fair values or if there is a material change in the conditions or circumstances that influence such assets, we could be required to record an impairment charge. If a material change occurred, we may conduct a quantitative assessment comparing the fair value of each reporting unit to its carrying value, including goodwill. This is called the Step I Test which consists of a combined approach using the expected future cash flows and market multiples to determine the fair value of the reporting units.

In the third quarter of 2016, based on the performance of the Oceania Cruises reporting unit, we performed an interim goodwill impairment evaluation consisting of a Step I Test. Based on that evaluation, we determined that there was no impairment of goodwill because its fair value exceeded its carrying value. For our annual impairment evaluation, we performed a Step 0 Test for the Norwegian reporting unit and Step I Tests for the Regent Seven Seas and the Oceania Cruises reporting units. As a result of the Step 0 Test for the Norwegian reporting unit, we determined there were no factors indicating it was more likely than not (i.e., more than 50%) that the fair value of the reporting unit was less than its carrying value. Based on the results of the Step 1 Tests, we determined there was no impairment of goodwill because the fair value of the Oceania Cruises and Regent Seven Seas reporting units exceeded their carrying values by 24% and 81%, respectively. However, if the fair value of any reporting unit declines in future periods, its goodwill may become impaired at that time. As of December 31, 2016 and September 30, 2017, there was $523.0 million, $462.1 million and $403.8 million of goodwill for the Oceania Cruises, Regent Seven Seas and Norwegian reporting units, respectively. As of December 31, 2016, our annual review consisting of the Step 0 and Step I Tests supported the carrying values of these assets. Subsequent to December 31, 2016, the Company has continued to monitor the results of each of these reporting units and will perform the necessary tests should events occur or circumstances change that indicate the carrying value of a reporting unit may not be recoverable.

Quarterly Overview

Three months ended September 30, 2017 (“2017”) compared to three months ended September 30, 2016 (“2016”)

- Total revenue increased 11.2% to $1.7 billion compared to $1.5 billion.

- Net Revenue increased 12.5% to $1.3 billion compared to $1.1 billion.

- Net income and diluted EPS was $400.7 million and $1.74, respectively, compared to $342.4 million and $1.50, respectively.
- Operating income was $476.8 million compared to $413.6 million.
- Adjusted Net Income and Adjusted EPS were $427.0 million and $1.86, respectively, in 2017, which included $26.3 million of adjustments primarily consisting of expenses related to non-cash compensation and certain other adjustments. Adjusted Net Income and Adjusted EPS were $369.3 million and $1.62, respectively, in 2016, which included $26.9 million of adjustments primarily consisting of expenses related to non-cash compensation, amortization of intangible assets and certain other adjustments.
- Adjusted EBITDA improved 16.0% to $635.1 million compared to $547.4 million.

We refer you to our "Results of Operations" below for a calculation of Net Revenue, Adjusted Net Income, Adjusted EPS and Adjusted EBITDA.

Results of Operations

The following table sets forth operating data as a percentage of total revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue				
Passenger ticket	72.2%	72.2%	70.3%	70.2%
Onboard and other	27.8%	27.8%	29.7%	29.8%
Total revenue	100.0%	100.0%	100.0%	100.0%
Cruise operating expense				
Commissions, transportation and other	16.1%	16.8%	16.5%	16.5%
Onboard and other	6.0%	6.1%	6.0%	6.1%
Payroll and related	12.5%	13.0%	14.3%	14.8%
Fuel	5.5%	5.8%	6.4%	6.6%
Food	3.3%	3.4%	3.6%	4.0%
Other	7.4%	7.7%	8.9%	9.4%
Total cruise operating expense	50.8%	52.8%	55.7%	57.4%
Other operating expense				
Marketing, general and administrative	12.2%	11.8%	14.2%	13.5%
Depreciation and amortization	8.1%	7.5%	9.1%	8.5%
Total other operating expense	20.3%	19.3%	23.3%	22.0%
Operating income	28.9%	27.9%	21.0%	20.6%
Non-operating income (expense)				
Interest expense, net	(4.0)%	(4.1)%	(4.4)%	(5.0)%
Other income (expense), net	(0.2)%	(0.4)%	(0.3)%	(0.4)%
Total non-operating income (expense)	(4.2)%	(4.5)%	(4.7)%	(5.4)%
Net income before income taxes	24.7%	23.4%	16.3%	15.2%
Income tax expense	(0.4)%	(0.3)%	(0.4)%	(0.2)%
Net income	24.3%	23.1%	15.9%	15.0%

The following table sets forth selected statistical information:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Passengers carried	658,139	635,654	1,756,350	1,761,967
Passenger Cruise Days	5,071,115	4,674,286	13,819,421	13,196,600
Capacity Days	4,590,789	4,209,562	12,811,155	12,175,012
Occupancy Percentage	110.5%	111.0%	107.9%	108.4%

Net Revenue, Adjusted Net Revenue, Gross Yield, Net Yield and Adjusted Net Yield were calculated as follows (in thousands, except Capacity Days and Yield data):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2017 Constant Currency	2016	2017	2017 Constant Currency	2016
Passenger ticket revenue	$ 1,192,023	$ 1,190,650	$ 1,071,815	$ 2,916,731	$ 2,933,448	$ 2,630,405
Onboard and other revenue	459,715	459,715	412,921	1,229,891	1,229,891	1,118,798
Total revenue	1,651,738	1,650,365	1,484,736	4,146,622	4,163,339	3,749,203
Less:						
Commissions, transportation and other expense	266,173	265,718	249,519	683,628	687,665	618,492
Onboard and other expense	98,476	98,476	90,661	250,254	250,254	230,416
Net Revenue	1,287,089	1,286,171	1,144,556	3,212,740	3,225,420	2,900,295
Non-GAAP Adjustment:						
Deferred revenue (1)	—	—	300	—	—	1,057
Adjusted Net Revenue	$ 1,287,089	$ 1,286,171	$ 1,144,856	$ 3,212,740	$ 3,225,420	$ 2,901,352
Capacity Days	4,590,789	4,590,789	4,209,562	12,811,155	12,811,155	12,175,012
Gross Yield	$ 359.79	$ 359.49	$ 352.71	$ 323.67	$ 324.98	$ 307.94
Net Yield	$ 280.36	$ 280.16	$ 271.89	$ 250.78	$ 251.77	$ 238.22
Adjusted Net Yield	$ 280.36	$ 280.16	$ 271.97	$ 250.78	$ 251.77	$ 238.30

(1) Reflects deferred revenue fair value adjustments related to the Acquisition of Prestige that were made pursuant to business combination accounting rules.

Gross Cruise Cost, Net Cruise Cost, Net Cruise Cost Excluding Fuel and Adjusted Net Cruise Cost Excluding Fuel were calculated as follows (in thousands, except Capacity Days and per Capacity Day data):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2017 Constant Currency	2016	2017	2017 Constant Currency	2016
Total cruise operating expense	$ 838,165	$ 837,839	$ 784,734	$ 2,310,205	$ 2,314,015	$ 2,155,115
Marketing, general and administrative expense	202,221	201,603	174,813	587,914	588,183	504,694
Gross Cruise Cost	1,040,386	1,039,442	959,547	2,898,119	2,902,198	2,659,809
Less:						
Commissions, transportation and other expense	266,173	265,718	249,519	683,628	687,665	618,492
Onboard and other expense	98,476	98,476	90,661	250,254	250,254	230,416
Net Cruise Cost	675,737	675,248	619,367	1,964,237	1,964,279	1,810,901
Less: Fuel expense	91,231	91,231	86,250	266,780	266,780	248,529
Net Cruise Cost Excluding Fuel	584,506	584,017	533,117	1,697,457	1,697,499	1,562,372
Less Non-GAAP Adjustments:						
Non-cash deferred compensation (1)	878	878	792	2,524	2,524	2,375
Non-cash share-based compensation (2)	21,444	21,444	16,840	63,664	63,664	48,289
Secondary Equity Offering expenses (3)	462	462	—	462	462	—
Severance payments and other expenses (4)	—	—	2,587	2,399	2,399	5,486
Acquisition of Prestige expenses (5)	—	—	1,696	500	500	4,710
Other (6)	999	999	—	2,605	2,605	—
Adjusted Net Cruise Cost Excluding Fuel	$ 560,723	$ 560,234	$ 511,202	$ 1,625,303	$ 1,625,345	$ 1,501,512
Capacity Days	4,590,789	4,590,789	4,209,562	12,811,155	12,811,155	12,175,012
Gross Cruise Cost per Capacity Day	$ 226.62	$ 226.42	$ 227.94	$ 226.22	$ 226.54	$ 218.46
Net Cruise Cost per Capacity Day	$ 147.19	$ 147.09	$ 147.13	$ 153.32	$ 153.33	$ 148.74
Net Cruise Cost Excluding Fuel per Capacity Day	$ 127.32	$ 127.21	$ 126.64	$ 132.50	$ 132.50	$ 128.33
Adjusted Net Cruise Cost Excluding Fuel per Capacity Day	$ 122.14	$ 122.03	$ 121.44	$ 126.87	$ 126.87	$ 123.33

(1) Non-cash deferred compensation expenses related to the crew pension plan and other crew expenses, which are included in payroll and related expense.
(2) Non-cash share-based compensation expenses related to equity awards, which are included in marketing, general and administrative expense and payroll and related expense.
(3) Expenses related to a Secondary Equity Offering, which are included in marketing, general and administrative expense.
(4) Severance payments and other expenses related to restructuring costs and other severance arrangements, which are included in marketing, general and administrative expense.
(5) Expenses related to the Acquisition of Prestige, which are included in marketing, general and administrative expense.
(6) Expenses primarily related to certain legal costs, which are included in marketing, general and administrative expense.

Adjusted Net Income and Adjusted EPS were calculated as follows (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	400,692	342,378	661,075	560,853
Non-GAAP Adjustments:				
Non-cash deferred compensation (1)	878	792	2,524	2,375
Non-cash share-based compensation (2)	21,444	16,840	63,664	48,289
Secondary Equity Offering expenses (3)	462	—	462	—
Severance payments and other expenses (4)	—	2,587	2,399	5,486
Acquisition of Prestige expenses (5)	—	1,696	500	4,710
Deferred revenue (6)	—	300	—	1,057
Amortization of intangible assets (7)	7,568	5,267	22,704	15,802
Derivative adjustment (8)	—	—	—	(1,185)
Deferred financing fees and other (9)	—	—	—	11,714
Impairment on assets held for sale (10)	2,935	—	2,935	—
Tax benefit (11)	(7,950)	(558)	(7,950)	(558)
Other (12)	999	—	2,605	—
Adjusted Net Income	$ 427,028	$ 369,302	$ 750,918	$ 648,543
Diluted weighted–average shares outstanding	229,816,956	227,598,607	229,157,257	227,859,617
Diluted earnings per share	$ 1.74	$ 1.50	$ 2.88	$ 2.46
Adjusted EPS	$ 1.86	$ 1.62	$ 3.28	$ 2.85

(1) Non-cash deferred compensation expenses related to the crew pension plan and other crew expenses, which are included in payroll and related expense.
(2) Non-cash share-based compensation expenses related to equity awards, which are included in marketing, general and administrative expense and payroll and related expense.
(3) Expenses related to a Secondary Equity Offering, which are included in marketing, general and administrative expense.
(4) Severance payments and other expenses related to restructuring costs and other severance arrangements, which are included in marketing, general and administrative expense.
(5) Expenses related to the Acquisition of Prestige, which are included in marketing, general and administrative expense.
(6) Deferred revenue fair value adjustments related to the Acquisition of Prestige that were made pursuant to business combination accounting rules, which are primarily included in passenger ticket revenue.
(7) Amortization of intangible assets related to the Acquisition of Prestige, which are included in depreciation and amortization expense.
(8) Losses and net gains for the fair value adjustment of a foreign exchange collar which does not receive hedge accounting and losses due to the dedesignation of certain fuel swaps. These adjustments are included in other income (expense), net.
(9) Expenses primarily related to the write-off of deferred financing fees related to the refinancing of certain credit facilities, which are included in interest expense, net.
(10) Loss on planned sale of Hawaii land-based operations.
(11) Tax benefits primarily due to reversal of prior years' tax contingency reserves.
(12) Expenses primarily related to certain legal costs, which are included in marketing, general and administrative expense.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	$ 400,692	$ 342,378	$ 661,075	$ 560,853
Interest expense, net	66,339	60,662	183,495	188,836
Income tax expense	6,527	5,241	15,369	8,944
Depreciation and amortization expense	134,532	111,575	376,878	317,480
EBITDA	608,090	519,856	1,236,817	1,076,113
Other expense (1)	3,262	5,333	11,686	13,281
Non-GAAP Adjustments:				
Non-cash deferred compensation (2)	878	792	2,524	2,375
Non-cash share-based compensation (3)	21,444	16,840	63,664	48,289
Secondary Equity Offering expenses (4)	462	—	462	—
Severance payments and other expenses (5)	—	2,587	2,399	5,486
Acquisition of Prestige expenses (6)	—	1,696	500	4,710
Deferred revenue (7)	—	300	—	1,057
Other (8)	999	—	2,605	—
Adjusted EBITDA	$ 635,135	$ 547,404	$ 1,320,657	$ 1,151,311

(1) Primarily consists of gains and losses, net for derivative contracts and foreign currency exchanges.
(2) Non-cash deferred compensation expenses related to the crew pension plan and other crew expenses, which are included in payroll and related expense.
(3) Non-cash share-based compensation expenses related to equity awards, which are included in marketing, general and administrative expense and payroll and related expense.
(4) Expenses related to a Secondary Equity Offering, which are included in marketing, general and administrative expense.
(5) Severance payments and other expenses related to restructuring costs and other severance arrangements, which are included in marketing, general and administrative expense.
(6) Expenses related to the Acquisition of Prestige, which are included in marketing, general and administrative expense.
(7) Deferred revenue fair value adjustments related to the Acquisition of Prestige that were made pursuant to business combination accounting rules, which are primarily included in passenger ticket revenue.
(8) Expenses primarily related to certain legal costs, which are included in marketing, general and administrative expense.

Three months ended September 30, 2017 (“2017”) compared to three months ended September 30, 2016 (“2016”)

Revenue

Total revenue increased 11.2% to $1.7 billion in 2017 compared to $1.5 billion in 2016 primarily due to an increase in Capacity Days. Gross Yield increased 2.0%. Net Revenue increased 12.5% in 2017 to $1.3 billion from $1.1 billion in 2016 due to an increase in Capacity Days of 9.1% and an increase in Net Yield of 3.1%. The increase in Capacity Days was primarily due to the delivery of Norwegian Joy in April 2017. The increase in Gross Yield and Net Yield was primarily due to an increase in passenger ticket pricing and higher onboard and other revenue. Adjusted Net Revenue in 2016 includes a deferred revenue fair value adjustment of $0.3 million related to the Acquisition of Prestige. On a Constant Currency basis, Net Yield and Adjusted Net Yield increased 3.0% in 2017 compared to 2016.

Expense

Gross Cruise Cost increased 8.4% in 2017 compared to 2016 due to an increase in total cruise operating expense and marketing, general and administrative expenses. Total cruise operating expense increased 6.8% in 2017 compared to 2016 primarily due to the increase in Capacity Days as discussed above and crew payroll and related costs. Total other operating expense increased 17.6% in 2017 compared to 2016 due to an increase in marketing, general and administrative expenses and an increase in depreciation and amortization expense. The increase in marketing, general and administrative expense was primarily due to pay for performance incentive expenses. Depreciation and amortization expense increased primarily due to the ship additions and ship improvement projects. On a Capacity Day basis, Net Cruise Cost and Adjusted Net Cruise Cost Excluding Fuel was relatively unchanged on an actual and constant currency basis primarily due to an increase in marketing, general and administrative expenses, primarily offset by decreases in cruise operating expenses.

Interest expense, net was $66.3 million in 2017 compared to $60.7 million in 2016. Interest expense for 2017 reflects an increase in average debt balances outstanding primarily associated with the delivery of new ships and newbuild installments, as well as higher interest rates due to an increase in LIBOR.

Other income (expense), net was an expense of $3.3 million in 2017 compared to an expense of $5.3 million in 2016. In 2017, the expense was primarily related to losses on foreign currency exchange. In 2016, the expense was primarily related to unrealized and realized losses on fuel swap derivative hedge contracts and foreign exchange derivative contracts and losses on foreign currency exchange.

In 2017, we had an income tax expense of $6.5 million compared to $5.2 million in 2016. Income tax in 2017 reflects a tax benefit of $11.6 million associated with the reversal of prior years' tax contingency reserves due to the expiration of the statute of limitations.

Nine months ended September 30, 2017 ("2017") compared to nine months ended September 30, 2016 ("2016")

Revenue

Total revenue increased 10.6% to $4.1 billion in 2017 compared to $3.7 billion in 2016 primarily due to an increase in Capacity Days. Gross Yield increased 5.1%. Net Revenue increased 10.8% in 2017 to $3.2 billion from $2.9 billion in 2016 due to an increase in Capacity Days of 5.2% and an increase in Net Yield of 5.3%. The increase in Capacity Days was primarily due to the delivery of Norwegian Joy in April 2017, Seven Seas Explorer in June 2016, Sirena joining our fleet in April 2016 and a reduction in the amount of lost days due to Dry-docks in 2017 compared to 2016. The increase in Gross Yield and Net Yield was primarily due to an increase in passenger ticket pricing and higher onboard and other revenue. Adjusted Net Revenue in 2016 includes a deferred revenue fair value adjustment of $1.1 million related to the Acquisition of Prestige. On a Constant Currency basis, Net Yield and Adjusted Net Yield increased 5.7% compared to 2016.

Expense

Gross Cruise Cost increased 9.0% in 2017 compared to 2016 due to an increase in total cruise operating expense and marketing, general and administrative expenses. Total cruise operating expense increased 7.2% in 2017 compared to 2016 primarily due to the increase in Capacity Days as discussed above and crew payroll and related costs. Total other operating expense increased 17.3% in 2017 compared to 2016 due to an increase in marketing, general and administrative expenses and depreciation and amortization expense. The increase in marketing, general and administrative expense was primarily due to pay for performance incentive expenses. Depreciation and amortization expense increased primarily due to the ship additions and the ship improvement projects. On a Capacity Day basis, Net Cruise Cost increased 3.1% (on an actual and a Constant Currency basis) due to an increase in marketing, general and administrative expenses and crew payroll and related costs. Adjusted Net Cruise Cost Excluding Fuel per Capacity Day increased 2.9% (on an actual and a Constant Currency basis) primarily due to the increase in expenses discussed above.

Interest expense, net was $183.5 million in 2017 compared to $188.8 million in 2016. Interest expense for 2017 reflects higher interest rates driven by an increase in LIBOR, as well as an increase in average debt balances outstanding primarily associated with the delivery of new ships and newbuild installments. Interest expense for 2016 included a write-off of $11.5 million of deferred financing fees related to the refinancing of certain of our credit facilities in 2016.

Other income (expense), net was an expense of $11.7 million in 2017 compared to an expense of $13.3 million in 2016. In 2017, the expense was primarily related to losses on foreign currency exchange partially offset by income from an insurance settlement. In 2016, the expense was primarily related to unrealized and realized losses on fuel swap derivative hedge contracts and losses on foreign exchange partially offset by gains on foreign exchange derivative hedge contracts.

In 2017, we had an income tax expense of $15.4 million compared to $8.9 million in 2016. Income tax in 2017 reflects a tax benefit of $11.6 million associated with the reversal of prior years' tax contingency reserves due to the expiration of the statute of limitations.

Liquidity and Capital Resources

General

As of September 30, 2017, our liquidity was $1.3 billion consisting of $522.9 million in cash and cash equivalents and $750.0 million under our Existing Revolving Loan Facility. In October 2017, we entered into a Third Amended and Restated Credit Agreement, which amended our Existing Revolving Loan Facility by, among other things, increasing the existing $750 million revolving credit facility with a new $875 million revolving credit facility. We refer you to our notes to consolidated financial statements, Note 12— "Subsequent Events" for further information about our long-term debt. Our primary ongoing liquidity requirements are to finance working capital, capital expenditures and debt service.

As of September 30, 2017, we had a working capital deficit of $1.7 billion. This deficit included $1.3 billion of advance ticket sales, which represents the revenue we collect in advance of sailing dates, and accordingly, are substantially more like deferred revenue balances rather than actual current cash liabilities. Our business model, along with our New Revolving Loan Facility, allows us to operate with a working capital deficit and still meet our operating, investing and financing needs.

We evaluate potential sources of additional liquidity, including the capital markets, in the ordinary course of business. We will continue to evaluate opportunities to optimize our capital structure, taking into consideration our current and expected capital requirements, our assessment of prevailing market conditions and expectations regarding future conditions, and the contractual and other restrictions to which we are subject.

Sources and Uses of Cash

In this section, references to "2017" refer to the nine months ended September 30, 2017 and references to "2016" refer to the nine months ended September 30, 2016.

Net cash provided by operating activities was $1.4 billion in 2017 as compared to $1.1 billion in 2016. The net cash provided by operating activities included timing differences in cash receipts and payments relating to operating assets and liabilities. Net income increased to $661.1 million in 2017 from $560.9 million in 2016.

Net cash used in investing activities was $1.2 billion in 2017 primarily related to payments for the delivery of Norwegian Joy, ship improvements and shoreside projects. Net cash used in investing activities was $1.0 billion in 2016 primarily related to payments for the delivery of Seven Seas Explorer, ship improvements, ships under construction and shoreside projects.

Net cash provided by financing activities was $200.0 million in 2017 primarily due to the proceeds from our Breakaway Four Loan Facility partially offset by the repayments of other loan facilities, our net repayment of our Existing Revolving Loan Facility and deferred financing fees and other. Net cash used in financing activities was $99.0 million in 2016 primarily due to net repayments of our Existing Revolving Loan Facility and other loan facilities and the repurchase of our ordinary shares and deferred financing fees and other.

Future Capital Commitments

Future capital commitments consist of contracted commitments, including ship construction contracts, and future expected capital expenditures necessary for operations. As of September 30, 2017, our anticipated capital expenditures were $0.3 billion for the remainder of 2017, $1.4 billion for the year ending December 31, 2018 and $1.2 billion for the year ending December 31, 2019, of which we have export credit financing in place for the expenditures related to ship construction contracts of $48 million for the remainder of 2017, $0.8 billion for 2018 and $0.6 billion for 2019.

Project Leonardo will introduce an additional four ships with expected delivery dates through 2025 and we have an option to introduce two additional ships for delivery in 2026 and 2027, subject to certain conditions. These four ships are each approximately 140,000 Gross Tons with approximately 3,300 Berths. We have an Explorer Class Ship on order for delivery in the winter of 2020. This ship is approximately 55,000 Gross Tons and 750 Berths. We have two Breakaway Plus Class Ships on order for delivery in the spring of 2018 and fall of 2019, respectively. These ships are approximately 168,000 Gross Tons each with approximately 4,000 Berths each. The combined contract price of these seven ships was approximately €5.5 billion, or $6.5 billion based on the euro/U.S. dollar exchange rate as of September 30, 2017. We have export credit financing in place that provides financing for 80% of each ship's contract price. For ships expected to be delivered after 2023, the contract price is subject to adjustment under certain circumstances.

In connection with the contracts to build the ships, we do not anticipate any contractual breaches or cancellation to occur. However, if any would occur, it could result in, among other things, the forfeiture of prior deposits or payments made by us and potential claims and impairment losses which may materially impact our business, financial condition and results of operations.

Capitalized interest for the three and nine months ended September 30, 2017 was $6.2 million and $21.8 million, respectively, and for the three and nine months ended September 30, 2016 was $8.9 million and $24.9 million, respectively, primarily associated with the construction of our newbuild ships.

Off-Balance Sheet Transactions

None.

Contractual Obligations

As of September 30, 2017, our contractual obligations with initial or remaining terms in excess of one year, including interest payments on long-term debt obligations, were as follows (in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt (1)	$ 6,734,832	605,827	1,240,277	3,229,750	1,658,978
Operating leases (2)	140,525	15,927	30,532	28,044	66,022
Ship construction contracts (3)	6,193,555	1,111,116	1,358,988	1,115,161	2,608,290
Port facilities (4)	144,822	32,647	43,656	27,424	41,095
Interest (5)	1,022,705	226,295	400,423	231,596	164,391
Other (6)	166,255	52,697	69,510	26,168	17,880
Total	$ 14,402,694	$ 2,044,509	$ 3,143,386	$ 4,658,143	$ 4,556,656

(1) Includes premiums aggregating $0.4 million. Also includes capital leases. The amount excludes deferred financing fees which are included in the consolidated balance sheets as an offset to long-term debt.
(2) Primarily for offices, motor vehicles and office equipment.
(3) For our newbuild ships based on the euro/U.S. dollar exchange rate as of September 30, 2017. Export credit financing is in place from syndicates of banks.
(4) Primarily for our usage of certain port facilities.
(5) Includes fixed and variable rates with LIBOR held constant as of September 30, 2017.
(6) Future commitments for service, maintenance and other Business Enhancement Capital Expenditure contracts.

The table above does not include $0.5 million of unrecognized tax benefits.

Other

Certain service providers may require collateral in the normal course of our business. The amount of collateral may change based on certain terms and conditions.

As a routine part of our business, depending on market conditions, exchange rates, pricing and our strategy for growth, we regularly consider opportunities to enter into contracts for the building of additional ships. We may also consider the sale of ships, potential acquisitions and strategic alliances. If any of these were to occur, they may be financed through the incurrence of additional permitted indebtedness, through cash flows from operations, or through the issuance of debt, equity or equity-related securities.

Funding Sources

Certain of our debt agreements contain covenants that, among other things, require us to maintain a minimum level of liquidity, as well as limit our net funded debt-to-capital ratio, maintain certain other ratios and restrict our ability to pay dividends. Substantially all of our ships and other property and equipment are pledged as collateral for certain of our debt. We believe we were in compliance with these covenants as of September 30, 2017.

The impact of changes in world economies and especially the global credit markets can create a challenging environment and may reduce future consumer demand for cruises and adversely affect our counterparty credit risks. In the event this environment deteriorates, our business, financial condition and results of operations could be adversely impacted.

We believe our cash on hand, expected future operating cash inflows, additional available borrowings under our New Revolving Loan Facility and our ability to issue debt securities or additional equity securities, will be sufficient to fund operations, debt payment requirements, capital expenditures and maintain compliance with covenants under our debt agreements over the next twelve-month period. There is no assurance that cash flows from operations and additional financings will be available in the future to fund our future obligations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

General

We are exposed to market risk attributable to changes in interest rates, foreign currency exchange rates and fuel prices. We attempt to minimize these risks through a combination of our normal operating and financing activities and through the use of derivatives. The financial impacts of these derivative instruments are primarily offset by corresponding changes in the underlying exposures being hedged. We achieve this by closely matching the notional, term and conditions of the derivatives with the underlying risk being hedged. We do not hold or issue derivatives for trading or other speculative purposes. Derivative positions are monitored using techniques including market valuations and sensitivity analyses.

Interest Rate Risk

As of September 30, 2017, we had interest rate swap agreements to hedge our exposure to interest rate movements and to manage our interest expense. As of September 30, 2017, 61% of our debt was fixed and 39% was variable, which includes the effects of the interest rate swaps. The notional amount of outstanding debt associated with the interest rate swap agreements as of September 30, 2017 was $237.2 million. Based on our September 30, 2017 outstanding variable rate debt balance, a one percentage point increase in annual LIBOR interest rates would increase our annual interest expense by approximately $25.9 million excluding the effects of capitalization of interest.

Foreign Currency Exchange Rate Risk

As of September 30, 2017, we had foreign currency derivatives to hedge the exposure to volatility in foreign currency exchange rates related to our ship construction contracts denominated in euros. These derivatives hedge the foreign currency exchange rate risk on a portion of the payments on our ship construction contracts. The payments not hedged aggregate €3.5 billion, or $4.1 billion based on the euro/U.S. dollar exchange rate as of September 30, 2017. We estimate that a 10% change in the euro as of September 30, 2017 would result in a $0.4 billion change in the U.S. dollar value of the foreign currency denominated remaining payments.

Fuel Price Risk

Our exposure to market risk for changes in fuel prices relates to the forecasted purchases of fuel on our ships. Fuel expense, as a percentage of our total cruise operating expense, was 10.9% and 11.0% for the three months ended September 30, 2017 and 2016, respectively, and 11.5% for each of the nine months ended September 30, 2017 and 2016. We use fuel derivative agreements to mitigate the financial impact of fluctuations in fuel prices and as of September 30, 2017, we had hedged approximately 75%, 65%, 48% and 26% of our remaining 2017, 2018, 2019 and 2020, respectively, projected metric tons of fuel purchases. We estimate that a 10% increase in our weighted-average fuel price would increase our anticipated 2017 fuel expense by $8.7 million. This increase would be partially offset by an increase in the fair value of our fuel swap agreements of $5.2 million. Fair value of our derivative contracts 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 fuel types, fuel curves, creditworthiness of the counterparty and the Company, as well as other data points.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, as of September 30, 2017. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon management’s evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2017 to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the 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 the reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of our business, various claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of our liability is typically limited to our deductible amount.

Nonetheless, the ultimate outcome of these claims and lawsuits that are not covered by insurance cannot be determined at this time. We have evaluated our overall exposure with respect to all of our threatened and pending litigation and, to the extent required, we have accrued amounts for all estimable probable losses associated with our deemed exposure. We are currently unable to estimate any other potential contingent losses beyond those accrued, as discovery is not complete nor is adequate information available to estimate such range of loss or potential recovery. However, based on our current knowledge, we do not believe that the aggregate amount or range of reasonably possible losses with respect to these matters will be material to our consolidated results of operations, financial condition or cash flows. We intend to vigorously defend our legal position on all claims and, to the extent necessary, seek recovery.

Item 1A. Risk Factors

We refer you to our 2016 Annual Report on Form 10-K for a discussion of the risk factors that affect our business and financial results. We wish to caution the reader that the risk factors discussed in "Item 1A. Risk Factors" in our 2016 Annual Report on Form 10-K, elsewhere in this report or other SEC filings, could cause future results to differ materially from those stated in any forward-looking statements.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer

On April 29, 2014, NCLH's Board of Directors authorized, and NCLH announced, a three-year share repurchase program for up to $500.0 million. The share repurchase program was scheduled to expire on April 29, 2017, but was extended through April 29, 2020. Under this program, NCLH may make repurchases in the open market, in privately negotiated transactions, in accelerated repurchase programs or in structured share repurchase programs, and any repurchases may be made pursuant to Rule 10b5-1 plans. There was no share repurchase activity during the three months ended September 30, 2017, and as of September 30, 2017, $263.5 million remained available for repurchases of our outstanding ordinary shares under the share repurchase program.

Item 5. Other Information

None.

Item 6. Exhibits

2.1	Agreement and Plan of Merger, dated as of September 2, 2014, by and among Prestige Cruises International, Inc., Norwegian Cruise Line Holdings Ltd., Portland Merger Sub, Inc. and Apollo Management, L.P. (incorporated herein by reference to Exhibit 2.1 to Norwegian Cruise Line Holdings Ltd.'s Form 8-K filed on September 4, 2014 (File No. 001-35784))
2.2	Amendment No. 1 to the Agreement and Plan of Merger, dated as of October 6, 2014, by and among Prestige Cruises International, Inc., Norwegian Cruise Line Holdings Ltd., Portland Merger Sub, Inc. and Apollo Management, L.P. (incorporated herein by reference to Exhibit 2.1 to Norwegian Cruise Line Holdings Ltd.'s Form 8-K filed on October 8, 2014 (File No. 001-35784))
10.1*	Letter Regarding Amendment to Frank J. Del Rio's Executive Employment Agreement, dated August 1, 2017†
10.2*	Form of Norwegian Cruise Line Holdings Ltd. Performance-based Restricted Share Unit Award Agreement (August 2017)†
10.3*	Amendment No. 12, dated August 24, 2017, to Office Lease Agreement, dated December 1, 2006, as amended, by and between SPUS7 Miami ACC, LP and NCL (Bahamas) Ltd.
31.1*	Certification of the President and Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2*	Certification of the Executive Vice President and Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1**	Certifications of the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code

101* The following unaudited consolidated financial statements are from Norwegian Cruise Line Holdings Ltd.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, formatted in Extensible Business Reporting Language (XBRL), as follows:

(i) the Consolidated Statements of Operations for the three and nine months ended September 30, 2017 and 2016;

(ii) the Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2017 and 2016;

(iii) the Consolidated Balance Sheets as of September 30, 2017 and December 31, 2016;

(iv) the Consolidated Statements of Cash Flows for the nine months ended September 30, 2017 and 2016;

(v) the Consolidated Statements of Changes in Shareholders' Equity for the nine months ended September 30, 2017 and 2016; and

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

* Filed herewith.
** Furnished herewith.
† Management contract or compensatory plan.

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.

NORWEGIAN CRUISE LINE HOLDINGS LTD.
(Registrant)

By:	/s/ FRANK J. DEL RIO
Name:	Frank J. Del Rio
Title:	President and Chief Executive Officer (Principal Executive Officer)
By:	/s/ WENDY A. BECK
Name:	Wendy A. Beck
Title:	Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Dated: November 9, 2017

Exhibit 10.1

As of August 1, 2017

Frank J. Del Rio
President and Chief Executive Officer
Norwegian Cruise Line Holdings Ltd.
7665 Corporate Center Drive
Miami, Florida 33126

Re: ***Amendment to Executive Employment Agreement***

Dear Frank:

You are a party to an Amended and Restated Executive Employment Agreement dated as of June 5, 2014 by and among you, Oceania Cruises, Inc. (“Oceania”) and Prestige Cruises International, Inc. (“PCI”) (the “Employment Agreement”), a letter agreement dated September 2, 2014 among you, Oceania, and Norwegian Cruise Line Holdings Ltd. (“Norwegian” or the “Company”) (the “September 2014 Letter Agreement”), and a letter agreement dated as of August 4, 2015 by and between you and Norwegian (the “August 2015 Letter Agreement”). The Employment Agreement, the September 2014 Letter Agreement, and the August 2015 Letter Agreement are collectively referred to herein as the “Prior Agreements.” This letter agreement (this “Agreement”), effective as of the date hereof, constitutes an amendment of the Prior Agreements. Unless otherwise stated, all capitalized terms used in this Agreement shall be as defined in the Prior Agreements.

1. Continuation of Employment

The Period of Employment is extended through and, unless otherwise agreed by the parties and subject to earlier termination pursuant to Section 2 of this Agreement, will end on December 31, 2020.

2. Severance

Your right to severance benefits under Section 6 of the Employment Agreement, Section 2 of the September 2014 Letter Agreement and Section 1 of the August 2015 Letter Agreement shall be deleted and replaced in their entirety by the below. Your employment hereunder and the Period of Employment may be terminated without any breach of this Agreement at any time and for any reason by either you or Employer without the provision of notice. Employer and Executive intend for Executive to be an “employee at will,” and the Period of Employment specified in Section 1 of this Agreement shall not be construed under any circumstances to alter such “at will” employment relationship. Nothing in this paragraph, however, limits your rights to the severance benefits provided below if your employment terminates in circumstances (as set forth below) that entitle you to such benefits.

In connection with any termination of your employment, you will be entitled to payment of your accrued and unpaid Base Salary through the date of termination of employment. In addition, if your employment is terminated during the Period of Employment by Employer without Cause or by Executive for Good Reason, or if your employment is terminated at the expiration of your Period of Employment without it being extended, you will be entitled to any benefits under Section 4.2 of the Employment Agreement as modified by Section 3 of the August 2015 Letter Agreement subject to you signing a release of claims (in the form attached as Exhibit B to the August 2015 Letter Agreement, as modified by Section 5 of this Agreement (the “Release”)) within twenty-one days following such termination and you not revoking such release. For clarity, Section 4.3 of the Employment Agreement is deleted and will not apply.

In addition, you will be entitled to a lump sum cash payment equal to 2.25 times the sum of: (a) your annualized base salary as in effect on the date of this Agreement, (b) your target annual cash bonus as in effect on the date of this Agreement and (c) your country club dues and fees ($20,000), annual automobile allowance ($24,000) and tax advice and income preparation benefit ($20,000) (subject to applicable withholding) on the first to occur of: (a) December 31, 2020, provided that you remain employed by the Company through such date; or (b) if your employment by the Company terminates prior to December 31, 2020 due to a termination by the Company without Cause, by you for Good Reason, or due to your death or Disability, the 30th day following the date of employment termination, subject to the provisions of Section 15 of the Employment Agreement and further subject (other than if the termination of employment is the result of your death) to you signing a Release within twenty-one days following such termination and you not revoking such Release. This lump sum cash payment is equal to 2.25 times your base salary and target cash bonus as of the date of this Agreement plus benefits in the amounts listed above and is not subject to future adjustments in the event that your base salary, cash bonus or benefits are adjusted after the date hereof. For clarity, you will not be entitled to such lump sum cash payment if your employment ends prior to December 31, 2020 due a termination of your employment by the Company for Cause or by you without Good Reason (and other than due to your death or Disability). For clarity, if you continue to be employed following December 31, 2020 (and the payment of the lump sum cash payment referred to above) you will not be entitled to additional severance (except as expressly provided in the next paragraph) in connection with any termination of your employment (regardless of the reason for such termination) after December 31, 2020.

You will (to the extent such continued coverage may be provided consistent with applicable law) be entitled to continued health/medical plan benefits for you and your eligible dependents as provided for in Section 4.6 of the Employment Agreement for two years following the first to occur of: (a) a termination of your employment on December 31, 2020 as a result of the expiration of the Period of Employment without it being extended; or (b) if your employment by the Company terminates prior to December 31, 2020 due to a termination by the Company without Cause or by you for Good Reason, the date of employment termination; in each case subject to the provisions of Section 15 of the Employment Agreement and further subject to you signing a Release within twenty-one days following such date and you not revoking such Release. You will make arrangements reasonably satisfactory to the Company to provide for any tax withholding required in connection with such benefit.

You are not entitled to severance under any other severance plan, policy or arrangement of the Company in connection with any termination of your employment (except as described above).

The foregoing provisions of this Section 2 shall not affect: (i) the Executive's receipt of benefits otherwise due terminated employees under group insurance coverage consistent with the terms of the applicable Employer welfare benefit plan as then in effect; (ii) the Executive's rights under COBRA to continue participation in medical, dental, hospitalization and life insurance coverage; or (iii) the Executive's receipt of vested benefits otherwise due in accordance with the terms of Employer's 401(k) plan, or the Company's Amended and Restated 2013 Performance Incentive Plan (or any successor plan). Executive shall, however, not be entitled to participate in any other plan or arrangement of Employer or any of its affiliates providing payments or benefits in the nature of severance (notwithstanding anything in Section 4.6 of the Employment Agreement to the contrary).

3. Equity Awards

You are being granted Norwegian Restricted Share Units ("Norwegian RSUs") in connection with entering into this Agreement ("2017 RSUs").

In addition, in or about March 2018, March 2019, and March 2020, subject in each case to your continued employment with the Company through the applicable grant date, you will be granted additional Norwegian RSUs that have a grant date fair value (determined by multiplying the number of Norwegian RSUs granted (the "target" number of Norwegian RSUs in the case of an award with performance-based vesting conditions) by the closing price of an ordinary share of the Company on the applicable grant date) of not less than Seven Million Five Hundred Thousand dollars ($7,500,000). At least sixty percent (60%) (or such greater amount as may be determined by the Company's Board of Directors or a committee thereof) of each such grant date fair value will be awarded in Norwegian RSUs that are subject to performance-based vesting requirements (and potentially additional vesting requirements based on continued employment) ("Performance RSUs"), and the balance of the award will be in Norwegian RSUs that are subject to vesting requirements based on continued employment but not performance-based vesting requirements ("Time-Based RSUs").

Each award of Norwegian RSUs will be subject to vesting and other terms established by the Company's Board of Directors or a committee thereof and will be granted pursuant to and subject to the terms and conditions of a restricted share unit award agreement and equity plan, each of which will be provided to you in conjunction with the grant of such award.

Your Norwegian RSUs and stock options granted by the Company prior to the date of this Agreement shall continue in effect in accordance with their applicable terms and conditions (including applicable provisions of the Prior Agreements). Except as provided above, you are not and you shall not be entitled to any additional stock options or other equity awards from the Company.

Your 2017 RSUs and any additional Norwegian RSUs awarded after the date of this Agreement will be subject to accelerated vesting as provided in this paragraph. Upon a termination of your employment with the Company by the Company without Cause or by you for Good Reason, or by the Company due to your death or Disability, or in the event that your employment terminates on December 31, 2020 (or such other date as may be agreed to by both parties) as a result of the expiration of the Period of Employment, all such Norwegian RSUs that are then outstanding and unvested shall: (a) in the case of such Norwegian RSUs that are Time-Based RSUs (but including any Performance RSUs as to which the applicable performance conditions have been satisfied and remain outstanding subject to only time-based vesting conditions), vest, and (b) in the case of such Norwegian RSUs that are Performance RSUs that remain subject to performance-based vesting conditions, remain outstanding and be paid (subject to the applicable performance conditions) as though your employment had not terminated (with any time-based vesting conditions that would otherwise extend beyond the end of the applicable performance period deemed satisfied as of the end of the applicable performance period). Any acceleration of vesting pursuant to this paragraph (other than as a result of your death) shall be subject to the condition that you sign a Release within twenty-one days following the termination of your employment with the Company and you not revoking such Release, and the Section 409A timing of payment rules of Section 15(c) of the Employment Agreement shall apply.

Other than as explicitly set forth herein, unvested Norwegian RSUs shall be forfeited upon your employment termination. For clarity, Section 4.3 of the Employment Agreement and Section 3 of the September 2014 Letter Agreement were superseded by the August 2015 Letter Agreement and you are not entitled to any awards pursuant to Section 4.3 of the Employment Agreement or Section 3 of the September 2014 Letter Agreement. Sections 4 and 5 of the August 2015 Letter Agreement will remain in full force and effect as to outstanding awards previously granted under such provisions. For clarity, you are not entitled to any new award pursuant to Section 4 or pursuant to Section 5 of the August 2015 Letter Agreement.

4. Impact of Section 280G of the I.R.C.

The current provisions of Section 7 of the Employment Agreement are deleted and replaced in their entirety by the following paragraph.

Notwithstanding anything else to the contrary (in this Agreement, in the Prior Agreements or otherwise), if following a change in ownership or effective control or in the ownership of a substantial portion of assets (in each case, within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (“Code”)), the tax imposed by Section 4999 of the Code or any similar or successor tax (the “Excise Tax”) applies to any payments, benefits and/or amounts received by the Executive pursuant to this Agreement or otherwise, including, without limitation, any acceleration of the vesting of outstanding stock options or other equity awards (collectively, the “Total Payments”), then the Total Payments shall be reduced (but not below zero) so that the maximum amount of the Total Payments (after reduction) shall be one dollar ($1.00) less than the amount which would cause the Total Payments to be subject to the Excise Tax; provided that such reduction to the Total Payments shall be made only if the total after-tax benefit to the Executive is greater after giving effect to such reduction than if no such reduction had been made. If such a reduction is required, the Company shall reduce or eliminate the Total Payments by first reducing or eliminating any cash payments under this Agreement or the Prior Agreements, then by reducing or eliminating any accelerated vesting of stock options, then by reducing or eliminating any accelerated vesting of other equity awards, then by reducing or eliminating any other remaining Total Payments, in each case in reverse order beginning with the payments which are to be paid the farthest in time from the date of the transaction triggering the Excise Tax. The provisions of this paragraph shall take precedence over the provisions of any other plan, arrangement or agreement governing the Executive’s rights and entitlements to any benefits or compensation.

5. Legal Updates

Nothing in the Prior Agreements, the Confidential Disclosure Agreement, or in the Release (the "Aggregated Documents") prohibits you from filing a charge with or participating in an investigation conducted by any state or federal government agencies. Any waiver of your right to any relief arising from any Proceeding (as defined in the Release) is subject to compliance with law and, for clarity, does not prevent you from accepting a whistleblower award from the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, as amended.

Notwithstanding any confidentiality provision in the Aggregated Documents, you may truthfully respond to a lawful and valid subpoena or other legal process, but shall give the Company the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought, and shall assist the Company and such counsel in resisting or otherwise responding to such process. You understand that nothing in the Aggregated Documents is intended to limit your right (i) to discuss the terms, wages, and working conditions of your employment to the extent permitted and/or protected by applicable labor laws, (ii) to report confidential information in a confidential manner either to a federal, state or local government official or to an attorney where such disclosure is solely for the purpose of reporting or investigating a suspected violation of law, or (iii) to disclose confidential information in an anti-retaliation lawsuit or other legal proceeding, so long as that disclosure or filing is made under seal and you do not otherwise disclose such confidential information, except pursuant to court order. The Company encourages you, to the extent legally permitted, to give the Company the earliest possible notice of any such report or disclosure. Pursuant to the Defend Trade Secrets Act of 2016, you acknowledge that you may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of confidential information that: (a) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed in a lawsuit or other proceeding, provided that such filing is made under seal. Further, you understand that the Company will not retaliate against you in any way for any such disclosure made in accordance with the law. In the event a disclosure is made, and you file any type of proceeding against the Company alleging that the Company retaliated against you because of your disclosure, you may disclose the relevant confidential information to your attorney and may use the confidential information in the proceeding if (x) you file any document containing the confidential information under seal, and (y) you do not otherwise disclose the confidential information except pursuant to court order.

To the extent possible, this Agreement and the Prior Agreements are to be construed and interpreted in accordance with, and to avoid any tax, penalty, or interest under, Section 409A of the Code.

The addresses for notices pursuant to Section 8 of the Employment Agreement are amended to be as follows (subject to future updates in accordance with such section):

If to the Executive:	If to the Company:
to the Executive's last address as reflected in the Company's payroll records	Chairman of the Board Norwegian Cruise Line Holdings Ltd. 7665 Corporate Center Drive Miami, Florida 33126 and to: General Counsel Norwegian Cruise Line Holdings Ltd. 7665 Corporate Center Drive Miami, Florida 33126

6. Effect on the Prior Agreements

Except as modified pursuant to this Agreement, the Prior Agreements shall remain in full force and effect. On and after the date hereof, each reference in the Prior Agreements to "this Agreement," "herein," "hereof," "hereunder" or words of similar import shall mean and be a reference to the Prior Agreements as amended hereby. To the extent that a provision of this Agreement conflicts with or differs from a provision of the Prior Agreements, such provision of this Agreement shall prevail and govern for all purposes and in all respects.

7. Counterparts

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

[The remainder of this page has intentionally been left blank.]

Sincerely,

NORWEGIAN CRUISE LINE HOLDINGS LTD.

By: /s/John W. Chidsey
Chairman, Compensation Committee of the
Board of Directors

AGREED AND ACCEPTED:

/s/Frank J. Del Rio
Frank J. Del Rio

Exhibit 10.2

FORM OF NORWEGIAN CRUISE LINE HOLDINGS LTD.
AMENDED AND RESTATED 2013 PERFORMANCE INCENTIVE PLAN
RESTRICTED SHARE UNIT AWARD AGREEMENT

THIS RESTRICTED SHARE UNIT AWARD AGREEMENT (this "**Agreement**") is dated as of [_____________] by and between Norwegian Cruise Line Holdings Ltd., a company organized under the laws of Bermuda (the "**Company**"), and [**Name**] (the "**Participant**").

W I T N E S S E T H

WHEREAS, pursuant to the Norwegian Cruise Line Holdings Ltd. Amended and Restated 2013 Performance Incentive Plan (the "**Plan**"), the Company has granted to the Participant effective as of the date hereof (the "**Award Date**"), a credit of restricted share units under the Plan (the "**Award**"), upon the terms and conditions set forth herein and in the Plan.

NOW THEREFORE, in consideration of services rendered and to be rendered by the Participant, and the mutual promises made herein and the mutual benefits to be derived therefrom, the parties agree as follows:

1. **<u>Defined Terms</u>**. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Plan.

2. **<u>Grant</u>**. Subject to the terms of this Agreement, the Company hereby grants to the Participant an Award with respect to an aggregate target number of [__________] restricted share units (subject to adjustment as provided in Section 7.1 of the Plan) (the "**Share Units**"). As used herein, the term "share unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding Ordinary Share of the Company (subject to adjustment as provided in Section 7.1 of the Plan) solely for purposes of the Plan and this Agreement. The Share Units shall be used solely as a device for the determination of the payment to eventually be made to the Participant if such Share Units vest pursuant to Section 3. The Share Units shall not be treated as property or as a trust fund of any kind.

3. **<u>Vesting</u>**. Subject to Section 8 below and further subject to any accelerated vesting that may be provided for pursuant to [**insert employment agreement reference, if applicable**], the Award shall vest and become nonforfeitable upon, and subject to, the achievement of the performance hurdles and applicable time-based vesting requirements described in <u>Annex A</u>. The Administrator shall determine whether the applicable performance hurdles have been achieved, and the vesting of the Share Units is subject to the Administrator's determination. Any portion of the Award that is not considered eligible to vest following the end of the applicable Performance Period as a result of performance results for the Performance Period, all as determined in accordance with <u>Annex A</u>, shall terminate and be forfeited effective as of the end of the Performance Period.

4. **<u>Continuance of Employment/Service</u>**. Except as provided in Section 3 or in the [**insert employment agreement reference, if applicable**], the vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Award and the rights and benefits under this Agreement. Except as provided in Section 3 or in the [**insert employment agreement reference, if applicable**], employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 8 below or under the Plan.

Nothing contained in this Agreement or the Plan constitutes an employment or service commitment by the Company, affects the Participant's status as an employee at will who is subject to termination without cause, confers upon the Participant any right to remain employed by or in service to the Company or any Subsidiary, interferes in any way with the right of the Company or any Subsidiary at any time to terminate such employment or services, or affects the right of the Company or any Subsidiary to increase or decrease the Participant's other compensation or benefits. Nothing in this Agreement, however, is intended to adversely affect any independent contractual right of the Participant without his or her consent thereto.

5. Dividend and Voting Rights.

(a) **Limitations on Rights Associated with Units**. The Participant shall have no rights as a shareholder of the Company, no dividend rights (except as expressly provided in Section 5(b) with respect to Dividend Equivalent Rights) and no voting rights, with respect to the Share Units and any Ordinary Shares underlying or issuable in respect of such Share Units until such Ordinary Shares are actually issued to and held of record by the Participant. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of such Ordinary Shares underlying or issuable in respect of such Share Units.

(b) **Dividend Equivalent Rights Distributions**. As of any date that the Company pays an ordinary cash dividend on its Ordinary Shares, the Company shall credit the Participant with an additional number of Share Units equal to (i) the per share cash dividend paid by the Company on its Ordinary Shares on such date, multiplied by (ii) the total number of Share Units (including any dividend equivalents previously credited hereunder) (with such total number adjusted pursuant to Section 7.1 of the Plan) subject to the Award as of the related dividend payment record date, divided by (iii) the fair market value of an Ordinary Share on the date of payment of such dividend. Any Share Units credited pursuant to the foregoing provisions of this Section 5(b) shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Share Units to which they relate. No crediting of Share Units shall be made pursuant to this Section 5(b) with respect to any Share Units which, as of such record date, have either been paid pursuant to Section 7 or terminated pursuant to Section 3 or Section 8.

6. Restrictions on Transfer. Neither the Award, nor any interest therein or amount or shares payable in respect thereof (until such shares underlying the Award have been issued) may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily. The transfer restrictions in the preceding sentence shall not apply to (a) transfers to the Company, or (b) transfers by will or the laws of descent and distribution.

7. **<u>Timing and Manner of Payment of Share Units</u>**. On or as soon as administratively practical following each vesting of the applicable portion of the total Award pursuant to Section 3 hereof or Section 7 of the Plan (and in all events not later than two and one-half months after the applicable vesting date), the Company shall deliver to the Participant a number of whole Ordinary Shares (with any fractional shares rounded down),either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Company in its discretion, equal to the number of Share Units subject to this Award that vest on the applicable vesting date, unless such Share Units terminate prior to the given vesting date pursuant to Section 3 or Section 8. To the extent required to comply with the short-term deferral exception under Section 457A of the Code, in the event the Participant becomes entitled to vest in any Share Units pursuant to the [**insert employment agreement reference, if applicable**] following a qualifying termination of employment that occurs in the [**year**] calendar year, the Company shall deliver a number of Ordinary Shares equal to its best estimate of the number of vested Share Units prior to the end of the [**year**] calendar year. The Company's obligation to deliver Ordinary Shares or otherwise make payment with respect to vested Share Units is subject to the condition precedent that the Participant or other person entitled under the Plan to receive any shares with respect to the vested Share Units deliver to the Company any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Participant shall have no further rights with respect to any Share Units that are paid or that terminate pursuant to Section 3 or Section 8.

8. **<u>Effect of Termination of Employment or Service</u>**. Except as provided in Section 3, the Participant's Share Units shall terminate and be forfeited to the extent such units have not become vested prior to the first date the Participant is no longer employed by or in service to the Company or one of its Subsidiaries, regardless of the reason for the termination of the Participant's employment or service with the Company or a Subsidiary, whether voluntarily or involuntarily. If any unvested Share Units are terminated hereunder, such Share Units shall automatically terminate and be forfeited as of the applicable termination date without payment of any consideration by the Company and without any other action by the Participant, or the Participant's beneficiary or personal representative, as the case may be.

9. **<u>Adjustments Upon Specified Events</u>**. Upon the occurrence of certain events relating to the Company's shares contemplated by Section 7.1 of the Plan (including, without limitation, an extraordinary cash dividend on such Ordinary Share), the Administrator shall make adjustments in accordance with such section in the number of Share Units then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to any ordinary cash dividend for which dividend equivalents are credited pursuant to Section 5(b). Each of the performance hurdles referred to in Section 3 shall also be subject to equitable and proportionate adjustment under Section 7.1 of the Plan.

10. **<u>Tax Withholding</u>**. Subject to Section 8.1 of the Plan, upon any distribution of Ordinary Shares in respect of the Share Units, the Company shall automatically reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value (with the "fair market value" of such shares determined in accordance with the applicable provisions of the Plan, to satisfy any applicable withholding obligations of the Company or its Subsidiaries with respect to such distribution of shares at any applicable withholding rates. In the event that the Company cannot legally satisfy such withholding obligations by such reduction of shares, or in the event of a cash payment or any other withholding event in respect of the Share Units, the Company (or a Subsidiary) shall be entitled to require a cash payment by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to such distribution or payment.

11. **Notices**. Any notice to be given under the terms of this Agreement shall be in writing or any electronic form approved by the General Counsel and addressed to the Company at its principal office to the attention of the General Counsel or to any designee approved by the General Counsel, and to the Participant at the Participant's last address reflected on the Company's records, or at such other address as either party may hereafter properly designate to the other. Any such notice shall be given only when received, but if the Participant is no longer an employee of or in service to the Company, shall be deemed to have been duly given by the Company when sent to the last physical or email address reflected on the Company's records.

12. **Plan**. The Award and all rights of the Participant under this Agreement are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Agreement. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Agreement. Unless otherwise expressly provided in other sections of this Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

13. **Entire Agreement**. This Agreement and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Company. The Company may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Participant hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

14. **Limitation on Participant's Rights.** Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Share Units, and rights no greater than the right to receive the Ordinary Shares as a general unsecured creditor with respect to Share Units, as and when payable hereunder.

15. **Counterparts**. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

16. **Section Headings**. The section headings of this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

17. **Governing Law**. This Agreement shall be governed by and construed and enforced in accordance with the laws of Bermuda without regard to conflict of law principles thereunder.

18. **Section 409A and 457A**. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A or 457A of the Code. This Agreement shall be construed and interpreted consistent with that intent. If the Participant is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Participant's "separation from service" (within the meaning of Section 409A of the Code), the Participant shall not be entitled to any payment pursuant to Section 7 until the earlier of (i) the date which is six (6) months after the Participant's separation from service for any reason other than death, or (ii) the date of the Participant's death. The provisions of this Section shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A of the Code.

19. **Clawback Policy**. The Share Units are subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Share Units or any Ordinary Shares or other cash or property received with respect to the Share Units (including any value received from a disposition of the shares acquired upon payment of the Share Units).

20. **No Advice Regarding Grant**. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Share Units (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award). Neither the Company nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Agreement) or recommendation with respect to the Award. Except for the withholding rights set forth in Section 10 above, the Participant is solely responsible for any and all tax liability that may arise with respect to the Award.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer and the Participant has hereunto set his or her hand as of the date and year first above written.

NORWEGIAN CRUISE LINE HOLDINGS LTD., **a Bermuda Company** By: ____________________ Print Name: ____________________ Its: ____________________	**PARTICIPANT** ____________________ *Signature* ____________________ *Print Name*

<u>Annex A</u>

<u>Performance Hurdles</u>

[**Insert performance vesting terms.**]

Exhibit 10.3

TWELFTH AMENDMENT TO LEASE

(Norwegian Cruise Line – The Landing at MIA)

THIS TWELFTH AMENDMENT TO LEASE ("Amendment") is dated effective and for identification purposes as of August 24, 2017 ("Effective Date"), and is made by and between SPUS7 MIAMI ACC, LP, a Delaware limited partnership ("Landlord"), and NCL (BAHAMAS) LTD., a Bermuda company, d/b/a Norwegian Cruise Line ("Tenant").

RECITALS:

WHEREAS, Landlord's predecessor-in-interest (Hines REIT Airport Corporate Center LLC) and Tenant entered into that certain Airport Corporate Center Office Lease Agreement dated December 1, 2006 ("Original Lease"), as amended by that certain First Amendment to Airport Corporate Center Office Lease dated November 27, 2006, Second Amendment to Airport Corporate Center Office Lease dated March 22, 2007, Third Amendment to Airport Corporate Center Office Lease dated July 31, 2007, Letter Agreement dated August 1, 2007, Fourth Amendment to Airport Corporate Center Office Lease dated December 10, 2007, Fifth Amendment to Airport Corporate Center Office Lease dated February 2, 2010, Sixth Amendment to Airport Corporate Center Office Lease dated April 1, 2012, Seventh Amendment to Airport Corporate Center Office Lease dated June 29, 2012, Eighth Amendment to Lease dated January 28, 2015 ("Eighth Amendment"), Ninth Amendment to Lease dated June 30, 2015 ("Ninth Amendment"), Tenth Amendment to Lease dated March 31, 2016, and Eleventh Amendment to Lease dated February 8, 2017 (collectively, the "Lease"), pertaining to the premises located at 7665 Corporate Center Drive ("Building 11"), 7650 Corporate Center Drive ("Building 10"), 7245 Corporate Center Drive ("Building 3"), and 7300 Corporate Center Drive ("Building 8"), Miami, Florida;

WHEREAS, Landlord and Tenant desire to enter into this Amendment to modify Tenant's exterior signage rights on Building 8, Building 10 and Building 11, and provide for certain other matters as more fully set forth herein;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, the parties agree that the Lease shall be amended in accordance with the terms and conditions set forth below.

1. **Definitions.** The capitalized terms used herein shall have the same definitions as set forth in the Lease, unless otherwise defined herein.

2. **Amendment to Building 8 Façade Signage**. Landlord and Tenant each acknowledge and agree that (a) Section 9 of the Eighth Amendment is hereby amended so that the Building 8 Façade Sign shall be located on the top exterior of the south side of Building 8, as depicted on **Exhibit A**, attached hereto and incorporated herein by reference, and in no other location on the exterior of Building 8, and (b) Section 6 of the Ninth Amendment is hereby amended so that the Building 8 Façade Sign may also include, at Tenant's option, Tenant's logos.

3. **Building 10 and Building 11 Signage.**

(a) Commencing on the Effective Date, in addition to all other signage rights granted to Tenant pursuant to the Lease, Tenant shall have the exclusive right to install and maintain in a first class manner: (i) one (1) exterior sign on the south side of Building 10 (the "Building 10 Façade Sign"); and (ii) one (1) exterior sign on the north side of Building 11 (the "Building 11 Façade Sign"), using any, a combination of any, or all of Tenant's and its related companies' brand names and logos, including, but not limited to, Norwegian, Oceania, Regent, and any others pursuant to the same terms and conditions of Section 9 of the Eighth Amendment. In addition to the foregoing, Tenant shall have the right to replace the building wraps currently existing on the west side of Building 10 and the west side of Building 11 (together, the "Current Wraps") with new building wraps ("New Wraps") in the same location, subject to Landlord's prior written approval of the New Wraps, and provided that (i) the New Wraps are substantially similar in size to the Current Wraps, (ii) Landlord shall have the right to be present when the Current Wraps are removed and perform an inspection of the exterior walls of Building 10 and Building 11 to ensure the Current Wraps have not caused any damage thereto, and (iii) in the event the Current Wraps have caused damage to Building 10 or Building 11, Tenant shall repair such damage to Landlord's reasonable satisfaction. The signage rights granted herein shall be deemed to be personal to Tenant and its Affiliates, and if Tenant subleases any portion of the Premises or otherwise assigns or transfers any interest thereof to another party, such signage rights shall lapse. All costs associated with the fabrication, installation, maintenance, removal and replacement of the Building 10 Façade Sign, the Building 11 Façade Sign, and the New Wraps shall be the sole responsibility of Tenant. Tenant shall maintain such signage in good condition and repair. Tenant shall remove such signage and repair any damage caused thereby, at its sole cost and expense, upon the expiration or sooner termination of the Lease. The color, content, size and other specifications of any such signage shall be in accordance with the terms and conditions of the Lease, and shall be subject to Landlord's prior approval, which approval shall not be unreasonably withheld, conditioned or delayed. Further, Tenant shall ensure that all signage complies with any and all applicable local zoning codes and building regulations.

(b) Tenant hereby acknowledges and agrees that Tenant shall remove all abandoned signage brackets located on the exterior of Building 10 and Building 11 prior to Tenant's installation of the new Building 10 and Building 11 Façade Signs, and Tenant shall repair any damage caused by such removal to Landlord's reasonable satisfaction.

(c) Notwithstanding the foregoing or anything to the contrary in the Lease, Landlord hereby approves the color, content, size, and other specifications for the Building 10 Façade Sign and Building 11 Façade Sign, both as depicted on **Exhibit B**, attached hereto and incorporated herein by this reference, with such changes from time to time desired by Tenant to reflect its current brand names and logos so long as such changes to the brand names and logos on the signage are substantially similar to the color, size, and other specifications set forth on **Exhibit B**.

4. **Counterparts; Electronic Signatures**. This Amendment may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Amendment and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment had been delivered and had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intend to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Amendment based on the foregoing forms of signature. If this Amendment has been executed by electronic signature, all parties executing this document are expressly consenting under the Electronic Signatures in Global and National Commerce Act ("E-SIGN"), and Uniform Electronic Transactions Act ("UETA"), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

5 . **Miscellaneous**. With the exception of those matters set forth in this Amendment, Tenant's leasing of the Premises shall be subject to all terms, covenants and conditions of the Lease. In the event of any express conflict or inconsistency between the terms of this Amendment and the terms of the Lease, the terms of this Amendment shall control and govern. Except as expressly modified by this Amendment, all other terms and conditions of the Lease are hereby ratified and affirmed. The parties acknowledge that the Lease is a valid and enforceable agreement and that, as of the date hereof to the best of Tenant's actual knowledge, Tenant holds no claims against Landlord or its agents which might serve as the basis of any other set-off against accruing rent and other charges or any other remedy at law or in equity.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the foregoing Twelfth Amendment to Lease is dated effective as of the date and year first written above.

WITNESS:

By: /s/David Withman
Name: David Withman

By: /s/Desiree Ammons
Name: Desiree Ammons

By: /s/David Withman
Name: David Withman

By: /s/Desiree Ammons
Name: Desiree Ammons

By: ____________________
Name: ____________________

By: ____________________
Name: ____________________

LANDLORD

SPUS7 MIAMI ACC, LP,
a Delaware limited partnership

By: /s/Ming Lee
Name: Ming Lee
Title: Vice President
Date: 8/29/17

By: /s/Mark Zikakis
Name: Mark Zikakis
Title: Vice President
Date: 8/29/17

TENANT:

NCL (BAHAMAS) LTD.,
a Bermuda company, d/b/a Norwegian Cruise Line

By: /s/Wendy Beck
Name: Wendy Beck
Title: Executive Vice President and Chief Financial Officer
Date: 8/29/17

CONSENT OF GUARANTOR

The undersigned Guarantor under the original Guaranty of Lease dated November 27, 2006 (the "Guaranty"), does hereby consent to the foregoing Amendment. Guarantor acknowledges and agrees that the Guaranty is in full force and effect and shall continue to apply to the Lease, as amended by this Amendment.

NCL CORPORATION LTD.,
a Bermuda company

By:	______________________________
Name:	Wendy Beck
Title:	Executive Vice President and Chief Financial Officer

EXHIBIT A

Location of Building 8 Façade Sign

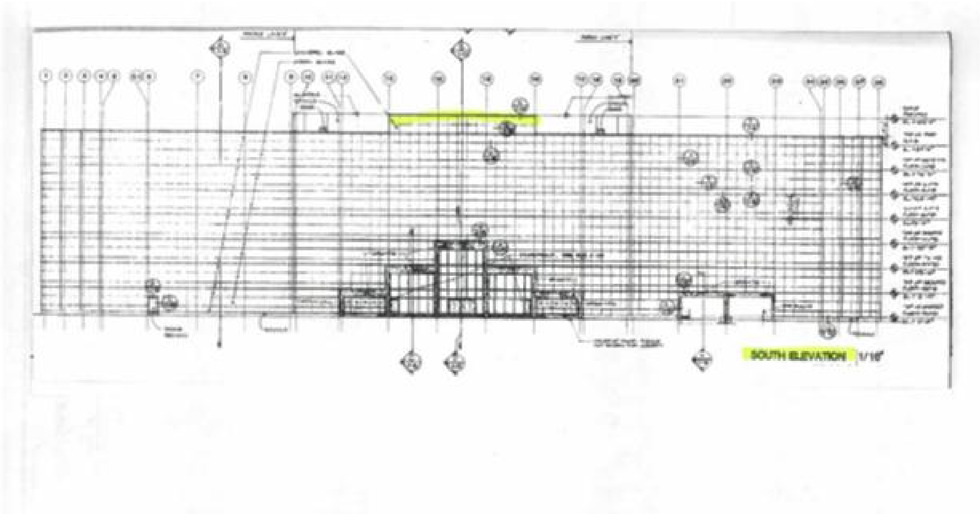
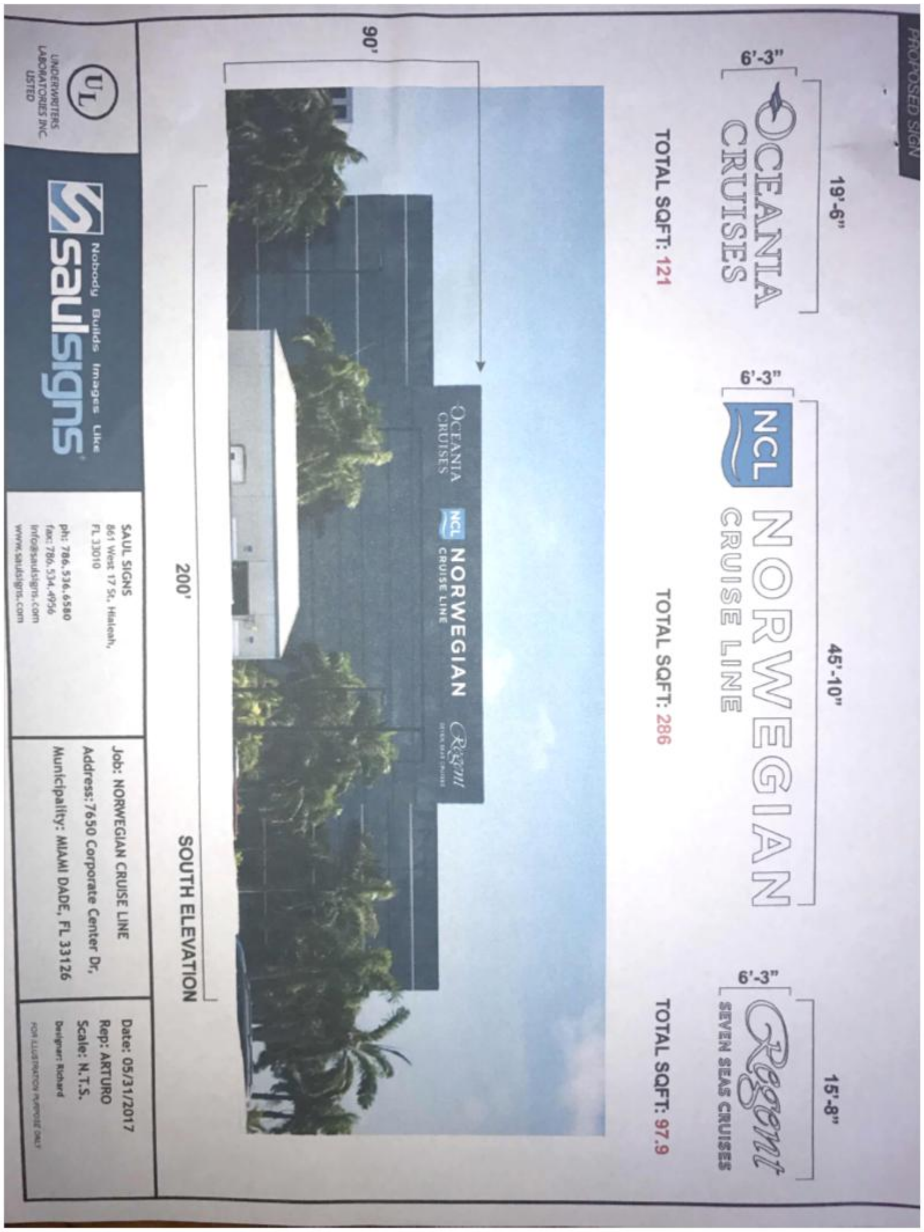
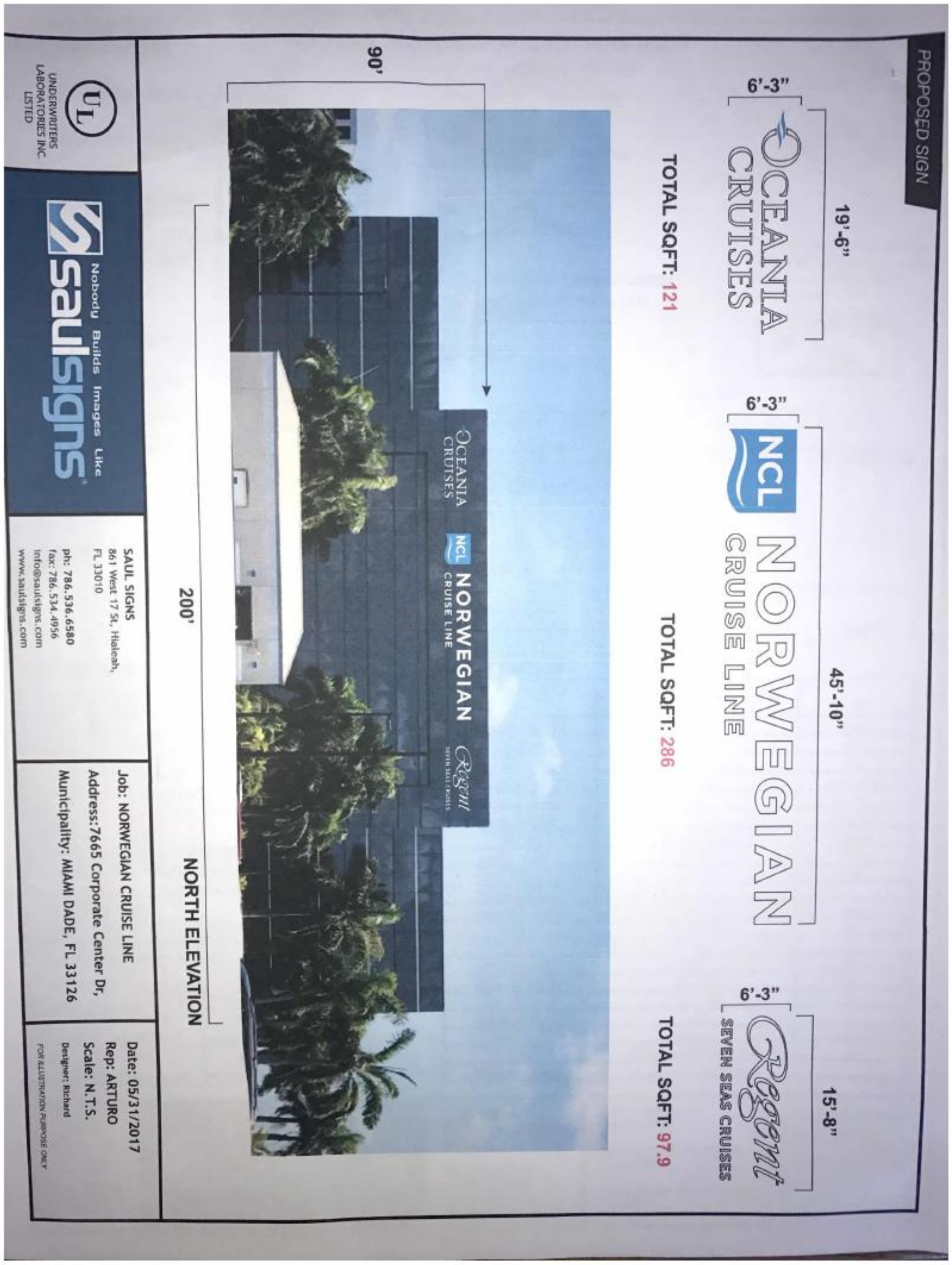


EXHIBIT B


PROPOSED SIGN
19'-6"
6'-3"
OCEANIA CRUISES
TOTAL SQFT: 121
6'-3"
NCL NORWEGIAN CRUISE LINE
45'-10"
TOTAL SQFT: 286
15'-8"
6'-3"
Regent SEVEN SEAS CRUISES
TOTAL SQFT: 97.9
90'
200'
SOUTH ELEVATION
UNDERWRITERS LABORATORIES INC. LISTED
saulsigns
Nobody Builds Images Like
SAUL SIGNS
861 West 17 St, Hialeah, FL 33010
ph: 786.536.6580
fax: 786.534.4956
info@saulsigns.com
www.saulsigns.com
Job: NORWEGIAN CRUISE LINE
Address: 7650 Corporate Center Dr,
Municipality: MIAMI DADE, FL 33126
Date: 05/31/2017
Rep: ARTURO
Scale: N.T.S.
Designer: Richard


PROPOSED SIGN
6'-3"
19'-6"
OCEANIA CRUISES
TOTAL SQFT: 121
6'-3"
45'-10"
NCL NORWEGIAN CRUISE LINE
TOTAL SQFT: 286
6'-3"
15'-8"
Regent SEVEN SEAS CRUISES
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Municipality: MIAMI DADE, FL 33126
Date: 05/31/2017
Rep: ARTURO
Scale: N.T.S.
Designer: Richard
FOR ILLUSTRATION PURPOSE ONLY

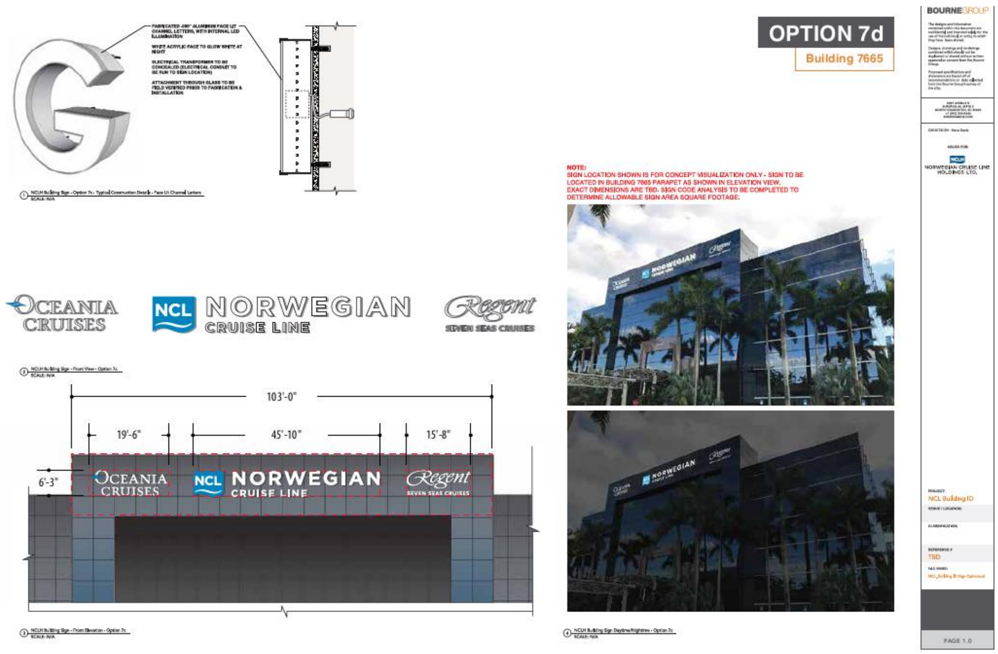
OPTION 7d
Building 7665
NOTE:
SIGN LOCATION SHOWN IS FOR CONCEPT VISUALIZATION ONLY - SIGN TO BE LOCATED IN BUILDING 7665 PARAPET AS SHOWN IN ELEVATION VIEW.
EXACT DIMENSIONS ARE TBD. SIGN CODE ANALYSIS TO BE COMPLETED TO DETERMINE ALLOWABLE SIGN AREA SQUARE FOOTAGE.
OCEANIA CRUISES
NCL NORWEGIAN CRUISE LINE
Regent SEVEN SEAS CRUISES
103'-0"
19'-6"
45'-10"
15'-8"
6'-3"
BOURNE GROUP
NORWEGIAN CRUISE LINE HOLDINGS LTD.
NCL Building ID
TBD
PAGE 1.0

Exhibit 31.1

CERTIFICATION

I, Frank J. Del Rio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Norwegian Cruise Line Holdings 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;

   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.

/s/ Frank J. Del Rio
Name: Frank J. Del Rio
Title: President and Chief Executive Officer

Dated: November 9, 2017

Exhibit 31.2

CERTIFICATION

I, Wendy A. Beck, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Norwegian Cruise Line Holdings 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;

   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.

/s/ Wendy A. Beck
Name: Wendy A. Beck
Title: Executive Vice President and Chief Financial Officer

Dated: November 9, 2017

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of Frank J. Del Rio, the President and Chief Executive Officer, and Wendy A. Beck, the Executive Vice President and Chief Financial Officer, of Norwegian Cruise Line Holdings Ltd. (the "Company"), does hereby certify, that, to such officer's knowledge:

The Quarterly Report on Form 10-Q of the Company, for the quarter ended September 30, 2017 (the "Form 10-Q"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 9, 2017

By:	/s/ Frank J. Del Rio
Name:	Frank J. Del Rio
Title:	President and Chief Executive Officer

By:	/s/ Wendy A. Beck
Name:	Wendy A. Beck
Title:	Executive Vice President and Chief Financial Officer