
**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 June 30, 2014

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
(State or other jurisdiction of
incorporation or organization)

98-0691007
(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, or a smaller reporting company (See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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

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 203,203,767 ordinary shares outstanding as of July 28, 2014.

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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 June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenue				
Passenger ticket	\$ 538,059	\$ 457,619	\$ 996,549	\$ 816,547
Onboard and other	227,868	186,814	433,406	355,517
Total revenue	<u>765,927</u>	<u>644,433</u>	<u>1,429,955</u>	<u>1,172,064</u>
Cruise operating expense				
Commissions, transportation and other	114,712	112,985	231,522	207,564
Onboard and other	55,467	49,316	103,391	91,687
Payroll and related	106,352	82,809	205,418	156,848
Fuel	77,832	75,582	156,872	148,080
Food	42,734	33,674	80,417	63,636
Other	73,699	66,713	139,086	115,953
Total cruise operating expense	<u>470,796</u>	<u>421,079</u>	<u>916,706</u>	<u>783,768</u>
Other operating expense				
Marketing, general and administrative	83,084	74,111	166,473	159,317
Depreciation and amortization	63,459	53,854	125,099	102,602
Total other operating expense	<u>146,543</u>	<u>127,965</u>	<u>291,572</u>	<u>261,919</u>
Operating income	<u>148,588</u>	<u>95,389</u>	<u>221,677</u>	<u>126,377</u>
Non-operating income (expense)				
Interest expense, net	(31,860)	(103,686)	(63,032)	(231,342)
Other income (expense)	(325)	429	63	1,794
Total non-operating income (expense)	<u>(32,185)</u>	<u>(103,257)</u>	<u>(62,969)</u>	<u>(229,548)</u>
Net income (loss) before income taxes	116,403	(7,868)	158,708	(103,171)
Income tax benefit (expense)	(3,124)	(1,047)	6,263	(3,244)
Net income (loss)	<u>113,279</u>	<u>(8,915)</u>	<u>164,971</u>	<u>(106,415)</u>
Net income (loss) attributable to non-controlling interest	1,663	(74)	2,088	(1,179)
Net income (loss) attributable to Norwegian Cruise Line Holdings Ltd.	<u>\$ 111,616</u>	<u>\$ (8,841)</u>	<u>\$ 162,883</u>	<u>\$ (105,236)</u>
Weighted-average shares outstanding				
Basic	<u>204,965,718</u>	<u>203,997,492</u>	<u>205,063,870</u>	<u>201,189,562</u>
Diluted	<u>210,472,991</u>	<u>203,997,492</u>	<u>210,742,655</u>	<u>201,189,562</u>
Earnings (loss) per share				
Basic	\$ 0.54	\$ (0.04)	\$ 0.79	\$ (0.52)
Diluted	<u>\$ 0.54</u>	<u>\$ (0.04)</u>	<u>\$ 0.78</u>	<u>\$ (0.52)</u>

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

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

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net income (loss)	\$ 113,279	\$ (8,915)	\$ 164,971	\$ (106,415)
Other comprehensive income (loss):				
Shipboard Retirement Plan	95	117	189	234
Cash flow hedges:				
Net unrealized income (loss) (1)	8,797	(9,064)	(6,559)	(28,620)
Amount realized and reclassified into earnings (2)	(147)	(236)	6	(2,011)
Total other comprehensive income (loss)	<u>8,745</u>	<u>(9,183)</u>	<u>(6,364)</u>	<u>(30,397)</u>
Total comprehensive income (loss)	122,024	(18,098)	158,607	(136,812)
Comprehensive income (loss) attributable to non-controlling interest	1,757	(193)	2,045	(1,788)
Total comprehensive income (loss) attributable to Norwegian Cruise Line Holdings Ltd.	<u>\$ 120,267</u>	<u>\$ (17,905)</u>	<u>\$ 156,562</u>	<u>\$ (135,024)</u>

(1) Net of a deferred tax benefit of \$657 and \$797 for the three and six months ended June 30, 2013, respectively.

(2) Net of a deferred tax expense of \$12 and \$73 for the three and six months ended June 30, 2013, respectively.

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)

	June 30, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 63,483	\$ 56,467
Accounts receivable, net	27,145	18,260
Inventories	52,566	43,715
Prepaid expenses and other assets	67,030	64,482
Total current assets	210,224	182,924
Property and equipment, net	6,305,328	5,647,670
Goodwill and tradenames	611,330	611,330
Other long-term assets	187,921	209,054
Total assets	<u>\$ 7,314,803</u>	<u>\$ 6,650,978</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 372,911	\$ 286,575
Accounts payable	102,755	86,788
Accrued expenses and other liabilities	256,569	253,752
Due to Affiliate	37,026	36,544
Advance ticket sales	610,639	411,829
Total current liabilities	1,379,900	1,075,488
Long-term debt	3,129,337	2,841,214
Due to Affiliate	36,880	55,128
Other long-term liabilities	53,905	47,882
Total liabilities	<u>4,600,022</u>	<u>4,019,712</u>
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Ordinary shares, \$.001 par value; 490,000,000 shares authorized; 205,685,491 and 205,160,340 shares issued at June 30, 2014 and December 31, 2013, respectively	205	205
Additional paid-in capital	2,822,208	2,822,864
Accumulated other comprehensive income (loss)	(23,011)	(16,690)
Retained earnings (deficit)	(34,588)	(197,471)
Treasury shares (2,397,294 ordinary shares at cost)	(79,155)	—
Total shareholders' equity controlling interest	2,685,659	2,608,908
Non-controlling interest	29,122	22,358
Total shareholders' equity	<u>2,714,781</u>	<u>2,631,266</u>
Total liabilities and shareholders' equity	<u>\$ 7,314,803</u>	<u>\$ 6,650,978</u>

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)

	Six Months Ended June 30,	
	2014	2013
Cash flows from operating activities		
Net income (loss)	\$ 164,971	\$ (106,415)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	141,228	115,946
Gain on derivatives	(62)	(270)
Deferred income taxes, net	2,786	2,968
Write-off of deferred financing fees	—	36,357
Share-based compensation expense	5,079	19,356
Changes in operating assets and liabilities:		
Accounts receivable, net	(8,885)	(1,308)
Inventories	(8,851)	(5,748)
Prepaid expenses and other assets	(8,943)	961
Accounts payable	15,967	17,974
Accrued expenses and other liabilities	20,905	(14,909)
Advance ticket sales	194,913	187,868
Net cash provided by operating activities	<u>519,108</u>	<u>252,780</u>
Cash flows from investing activities		
Additions to property and equipment	(787,566)	(759,020)
Net cash used in investing activities	<u>(787,566)</u>	<u>(759,020)</u>
Cash flows from financing activities		
Repayments of long-term debt	(540,237)	(2,081,520)
Repayments to Affiliate	(18,521)	(98,171)
Proceeds from long-term debt	914,545	2,289,253
Proceeds from the issuance of ordinary shares, net	—	473,017
Proceeds from the exercise of share options	2,158	—
Purchases of treasury shares	(79,155)	—
NCLC partnership tax distributions	(3,115)	—
Other	(201)	(38,999)
Net cash provided by financing activities	<u>275,474</u>	<u>543,580</u>
Net increase in cash and cash equivalents	7,016	37,340
Cash and cash equivalents at beginning of period	56,467	45,500
Cash and cash equivalents at end of period	<u>\$ 63,483</u>	<u>\$ 82,840</u>

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 (Deficit)	Treasury Shares	Non- controlling Interest	Total Shareholders' Equity
Balance, December 31, 2012	\$ 25	\$ 2,327,097	\$ (17,619)	\$ (299,185)	\$ —	\$ 8,466	\$ 2,018,784
Share-based compensation	—	29,336	—	—	—	19	29,355
Transactions with Affiliates, net	—	(51)	—	—	—	—	(51)
Corporate Reorganization	—	(20,176)	—	—	—	20,176	—
IPO proceeds, net	179	472,838	—	—	—	—	473,017
Other comprehensive loss	—	—	(29,788)	—	—	(609)	(30,397)
Net loss	—	—	—	(105,236)	—	(1,179)	(106,415)
Transfers to non-controlling interest	—	(3,767)	—	—	—	3,767	—
Balance, June 30, 2013	<u>\$ 204</u>	<u>\$ 2,805,277</u>	<u>\$ (47,407)</u>	<u>\$ (404,421)</u>	<u>\$ —</u>	<u>\$ 30,640</u>	<u>\$ 2,384,293</u>
Balance, December 31, 2013	\$ 205	\$ 2,822,864	\$ (16,690)	\$ (197,471)	\$ —	\$ 22,358	\$ 2,631,266
Share-based compensation	—	5,079	—	—	—	—	5,079
Transactions with Affiliates, net	—	(59)	—	—	—	—	(59)
NCLC partnership tax distributions	—	—	—	—	—	(3,115)	(3,115)
Proceeds from the exercise of share options	—	2,158	—	—	—	—	2,158
Purchases of treasury shares	—	—	—	—	(79,155)	—	(79,155)
Other comprehensive loss	—	—	(6,321)	—	—	(43)	(6,364)
Net income	—	—	—	162,883	—	2,088	164,971
Transfers to non-controlling interest	—	(7,834)	—	—	—	7,834	—
Balance, June 30, 2014	<u>\$ 205</u>	<u>\$ 2,822,208</u>	<u>\$ (23,011)</u>	<u>\$ (34,588)</u>	<u>\$ (79,155)</u>	<u>\$ 29,122</u>	<u>\$ 2,714,781</u>

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,” “us” and “NCLH” refer to Norwegian Cruise Line Holdings Ltd. and/or its subsidiaries, (ii) “NCLC” refers to NCL Corporation Ltd. and/or its subsidiaries, (iii) “Norwegian Cruise Line” or “Norwegian” refers to the Norwegian Cruise Line brand and its predecessors, (iv) “Apollo” refers to Apollo Global Management, LLC and its subsidiaries and the “Apollo Funds” refers to one or more of AIF VI NCL (AIV), L.P., AIF VI NCL (AIV II), L.P., AIF VI NCL (AIV III), L.P., AIF VI NCL (AIV IV), L.P., AAA Guarantor-Co-Invest VI (B), L.P., Apollo Overseas Partners (Delaware) VI, L.P., Apollo Overseas Partners (Delaware 892) VI, L.P., Apollo Overseas Partners VI, L.P. and Apollo Overseas Partners (Germany) VI, L.P., (v) “TPG Global” refers to TPG Global, LLC, “TPG” refers to TPG Global and its affiliates and the “TPG Viking Funds” refers to one or more of TPG Viking, L.P., TPG Viking AIV I, L.P., TPG Viking AIV II, L.P., and TPG Viking AIV III, L.P. and/or certain other affiliated investment funds, each an affiliate of TPG, (vi) “Genting HK” refers to Genting Hong Kong Limited and/or its affiliates (formerly Star Cruises Limited and/or its affiliates) (Genting HK owns NCLH’s ordinary shares indirectly through Star NCLC Holdings Ltd. (“Star NCLC”)), and (vii) “Affiliate(s)” or “Sponsor(s)” refers to Genting HK, the Apollo Funds and/or the TPG Viking Funds. References to the “U.S.” are to the United States of America, “dollars” or “\$” are to U.S. dollars and “euros” or “€” are to the official currency of the Eurozone.

1. Corporate Reorganization

In February 2011, NCLH, a Bermuda limited company, was formed with the issuance to the Sponsors of, in aggregate, 10,000 ordinary shares, with a par value of \$.001 per share. On January 24, 2013, NCLH consummated the IPO. In connection with the consummation of the IPO, the Sponsors’ ordinary shares in NCLC were exchanged for the ordinary shares of NCLH at a share exchange ratio of 1.0 to 8.42565 and NCLH became the owner of 100% of the ordinary shares (representing a 97.3% economic interest) and parent company of NCLC (the “Corporate Reorganization”). Accordingly, NCLH contributed \$460.0 million to NCLC and the historical financial statements of NCLC became those of NCLH. The Corporate Reorganization was effected solely for the purpose of reorganizing our corporate structure. NCLH had not prior to the completion of the Corporate Reorganization conducted any activities other than those incidental to its formation and to preparations for the Corporate Reorganization and IPO. The Corporate Reorganization resulted in all parties being in the same economic position immediately prior to the IPO. As the economic position of the investors did not change as part of the Corporate Reorganization it is considered a nonsubstantive merger from an accounting perspective.

NCLC is treated as a partnership for U.S. federal income tax purposes, and the terms of the partnership (including the economic rights with respect thereto) are set forth in an amended and restated tax agreement for NCLC. Economic interests in NCLC are represented by the partnership interests established under the tax agreement, which we refer to as “NCL Corporation Units.” The NCL Corporation Units held by NCLH (as a result of its ownership of 100% of the ordinary shares of NCLC) represent a 97.9% economic interest in NCLC as of June 30, 2014. The remaining 2.1% economic interest in NCLC as of June 30, 2014 is in the form of Management NCL Corporation Units held by management (or former management). As a result of the aforementioned transactions and the Secondary Offerings, the Sponsors owned 55.9% of NCLH’s ordinary shares as of June 30, 2014.

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 summer months. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013, which are included in our most recently filed Annual Report on Form 10-K.

Shareholder’s Equity

In connection with the Corporate Reorganization, previously granted profits interests to employees were exchanged for Management NCL Corporation Units (“Units”), and the vested Unit holders gained proportionate rights to distributions of the Company and were therefore allocated a proportionate share of the Company’s equity. The effect of this change was a \$20.2 million increase in the non-controlling interest.

During the six months ended June 30, 2014, following the effectiveness of NCLH's registration statement on Form S-3, additional performance-based Units became eligible to participate in the earnings of NCLC, and as a result, a proportionate amount of the Company's equity was allocated to the additional non-controlling interest. Each Unit holder has the right, subject to the same time-based and performance-based vesting requirements of the profits interests, to exchange Units for the Company's ordinary shares at a rate equal to one ordinary share for every Unit. When such an exchange occurs, this results in the exchange of non-controlling interest to controlling interest. Accordingly, upon the exchange of a Unit for an ordinary share of the Company, a portion of the non-controlling interest balance is reclassified to additional paid-in capital. As of June 30, 2014, there was \$7.8 million transferred to non-controlling interest.

As of June 30, 2014, Management NCL Corporation Unit holders were distributed cash to facilitate partnership tax payments of \$3.1 million and \$2.8 million of these distributions will be repaid to the Company upon exchange of each Unit holders' Units.

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 repurchases in the three months ended June 30, 2014 were made under this share repurchase 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. During the three months ended June 30, 2014, NCLH repurchased approximately 2.4 million ordinary shares under its share repurchase program for \$79.2 million, which shares are reflected as treasury shares at cost on the consolidated balance sheet as of June 30, 2014.

The Consolidated Statements of Changes in Shareholders' Equity for the period ended June 30, 2013 has been revised for an immaterial change of approximately \$1.2 million to correctly present the activities within Additional Paid-in Capital and Non-Controlling Interest, with no change in the ending balances.

Earnings (Loss) Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income (loss) attributable to Norwegian Cruise Line Holdings Ltd.	\$ 111,616	\$ (8,841)	\$ 162,883	\$ (105,236)
Net income (loss)	\$ 113,279	\$ (8,915)	\$ 164,971	\$ (106,415)
Basic weighted-average shares outstanding	204,965,718	203,997,492	205,063,870	201,189,562
Dilutive effect of awards	5,507,273	—	5,678,785	—
Diluted weighted-average shares outstanding	210,472,991	203,997,492	210,742,655	201,189,562
Basic earnings (loss) per share	\$ 0.54	\$ (0.04)	\$ 0.79	\$ (0.52)
Diluted earnings (loss) per share	\$ 0.54	\$ (0.04)	\$ 0.78	\$ (0.52)

Diluted loss per share for the three and six months ended June 30, 2013 did not include 6,728,789 and 6,325,138 shares, respectively, because the effect of including them would have been antidilutive.

Revenue and Expense Recognition

Revenue and expense includes taxes assessed by governmental authorities that are directly imposed on a revenue-producing transaction between a seller and a customer. The amounts included in revenue and expense on a gross basis were \$44.6 million and \$36.1 million for the three months ended June 30, 2014 and 2013, respectively, and \$82.5 million and \$67.5 million for the six months ended June 30, 2014 and 2013, respectively.

3. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) for the six months ended June 30, 2014 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	\$ (16,690)	\$ (10,532)	\$ (6,158)
Current period other comprehensive loss before reclassifications	(6,515)	(6,515)	—
Amounts reclassified	194	6(1)	188(2)
Accumulated other comprehensive income (loss) at end of period	<u>\$ (23,011)</u>	<u>\$ (17,041)(3)</u>	<u>\$ (5,970)</u>

(1) We refer you to Note 7—“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 \$2.5 million of income expected to be reclassified into earnings in the next 12 months.

Accumulated other comprehensive income (loss) for the six months ended June 30, 2013 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	\$ (17,619)	\$ (7,872)	\$ (9,747)
Current period other comprehensive loss before reclassifications	(28,046)	(28,046)	—
Amounts reclassified	(1,742)	(1,971)(1)	229(2)
Accumulated other comprehensive income (loss) at end of period	<u>\$ (47,407)</u>	<u>\$ (37,889)</u>	<u>\$ (9,518)</u>

(1) Amount reclassified to fuel expense.

(2) Amortization of prior-service cost and actuarial loss reclassified to payroll and related expense.

4. Property and Equipment, Net

The balance as of June 30, 2014 reflects the delivery of Norwegian Getaway in January 2014.

5. Related Party Disclosures

In March 2014, the Selling Shareholders sold 15,000,000 ordinary shares of NCLH in the Secondary Offering. We did not receive any proceeds from this offering. As of June 30, 2014, the relative ownership percentages of NCLH’s ordinary shares were approximately as follows: Genting HK (28.0%), the Apollo Funds (20.0%), the TPG Viking Funds (7.9%), and public shareholders (44.1%). As of June 30, 2014, NCLH had a 97.9% economic interest in NCLC.

6. Income Tax Benefit (Expense)

NCLH is treated as a corporation for U.S. federal income tax purposes. The income tax benefit in 2014 primarily related to a change in our corporate entity structure which was completed in 2013. For the year ended December 31, 2013, the tax provision reflected an interest expense deduction based on a method supported by the information available at such time. During the first quarter of 2014, we received additional information which allowed us to elect another acceptable tax method, resulting in a tax benefit of \$11.1 million which is included in the results of operations for the six months ended June 30, 2014. For the six months ended June 30, 2013, income tax expense, net was \$3.2 million, which consists of a one-time expense of \$4.2 million due to a change in U.S. tax status from a partnership to a corporation in connection with the IPO, a benefit of \$5.0 million in connection with our prepayments of debt, and a \$4.0 million expense from our U.S. operations.

7. 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) 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 revolving credit facility, 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):

Balance Sheet location	Asset		Liability	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Fuel swaps designated as hedging instruments				
Prepaid expenses and other assets	\$ 7,020	\$ 5,024	\$ 184	\$ 666
Other long-term assets	4,351	6,869	41	9
Other long-term liabilities	14	—	26	—
Fuel collars designated as hedging instruments				
Prepaid expenses and other assets	65	452	9	195
Fuel options not designated as hedging instruments				
Prepaid expenses and other assets	—	—	9	195
Foreign currency options designated as hedging instruments				

	Balance Sheet location	Asset		Liability	
		June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
	Accrued expenses and other liabilities	—	—	—	9,815
Foreign currency forward contracts designated as hedging instruments	Prepaid expenses and other assets	—	2,624	—	—
	Other long-term assets	88	—	—	—
	Accrued expenses and other liabilities	—	—	—	6,582
Foreign currency collar designated as a hedging instrument	Prepaid expenses and other assets	—	12,502	—	—
Interest rate swaps designated as hedging instruments	Accrued expenses and other liabilities	—	—	3,201	1,707
	Other long-term liabilities	—	—	3,581	1,374

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. We are not required to post cash collateral related to our derivative instruments. The following table discloses the amounts recognized within assets and liabilities (in thousands):

June 30, 2014	Gross Amounts	Gross Amounts Offset	Total Net Amounts	Gross Amounts Not Offset	Net Amounts
Assets	\$ 11,524	\$ (243)	\$ 11,281	\$ (88)	\$ 11,193
Liabilities	6,808	(14)	6,794	(6,782)	12
December 31, 2013	Gross Amounts	Gross Amounts Offset	Total Net Amounts	Gross Amounts Not Offset	Net Amounts
Assets	\$ 27,471	\$ (1,065)	\$ 26,406	\$ (15,126)	\$ 11,280
Liabilities	19,478	—	19,478	(19,478)	—

Fuel Swaps

As of June 30, 2014, we had fuel swaps maturing through December 31, 2016 which are used to mitigate the financial impact of volatility in fuel prices pertaining to approximately 656,000 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 June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Gain (loss) recognized in other comprehensive income (loss) – effective portion	\$ 11,610	\$ (18,074)	\$ 1,839	\$ (13,368)
Gain (loss) recognized in other income (expense) – ineffective portion	451	(320)	35	(99)
Amount reclassified from accumulated other comprehensive income (loss) into fuel expense	(1,218)	(736)	(1,923)	(2,999)

Fuel Collars and Options

As of June 30, 2014, we had fuel collars and options maturing through December 31, 2014 which are used to mitigate the financial impact of volatility in fuel prices pertaining to approximately 17,000 metric tons of our projected fuel purchases. The effects on the consolidated financial statements of the fuel collars which were designated as cash flow hedges were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Gain (loss) recognized in other comprehensive income (loss) – effective portion	\$ 15	\$ (1,500)	\$ (309)	\$ (1,535)
Gain (loss) recognized in other income (expense) – ineffective portion	(1)	14	107	22
Amount reclassified from accumulated other comprehensive income (loss) into fuel expense	371	391	741	818

The effects on the consolidated financial statements of the fuel options which were not designated as hedging instruments were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Gain (loss) recognized in other income (expense)	\$ 101	\$ (275)	\$ 186	\$ 581

Foreign Currency Forward Contracts

As of June 30, 2014, we had a foreign currency forward contract which is used to mitigate the financial impact of volatility in foreign currency exchange rates related to a ship construction contract denominated in euros. The notional amount of our foreign currency forward contract was €20.0 million, or \$27.4 million based on the euro/U.S. dollar exchange rate as of June 30, 2014. The effects on the consolidated financial statements of the foreign currency forward contract which was designated as a cash flow hedge was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Gain (loss) recognized in other comprehensive income (loss) – effective portion	\$ 88	\$ 8,747	\$ (988)	\$ (7,886)
Gain (loss) recognized in other income (expense) – ineffective portion	—	(2)	(1)	66
Amount reclassified from accumulated other comprehensive income (loss) into depreciation and amortization expense	(64)	(20)	(117)	(20)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Gain recognized in other income (expense)	\$ —	\$ —	\$ —	\$ 20

Foreign Currency Options

We had foreign currency options that matured through January 2014, 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 June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Loss recognized in other comprehensive income (loss) – effective portion	\$ —	\$ (341)	\$ (1,157)	\$ (4,353)
Loss recognized in other income (expense) – ineffective portion	—	(22)	(241)	(320)
Amount reclassified from accumulated other comprehensive income (loss) into depreciation and amortization expense	329	117	608	117

Foreign Currency Collar

We had a foreign currency collar that matured in January 2014. The collar was used to mitigate the volatility of foreign currency exchange rates related to a ship construction contract 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 June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Gain (loss) recognized in other comprehensive income (loss) – effective portion	\$ —	\$ 1,447	\$ (1,588)	\$ (2,275)
Amount reclassified from accumulated other comprehensive income (loss) into depreciation and amortization expense	(91)	—	(151)	—

Interest Rate Swaps

As of June 30, 2014, we had interest rate swap agreements to mitigate 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 \$654.0 million.

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 June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Loss recognized in other comprehensive income (loss) – effective portion	\$ (2,916)	\$ —	\$ (4,356)	\$ —
Amount reclassified from accumulated other comprehensive income (loss) into interest expense, net	526	—	848	—

Long-Term Debt

As of June 30, 2014 and December 31, 2013, the fair value of our long-term debt, including the current portion, was \$3,626.1 million and \$3,146.4 million, which was \$123.9 million and \$18.6 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. The calculation of the fair value of our long-term debt is considered a Level 2 input.

Other

The carrying amounts reported in the consolidated balance sheets of all financial assets and liabilities other than our long-term debt approximate fair value.

8. Commitments and Contingencies

Ship Construction Contracts

As of June 30, 2014, we have two ships on order with Meyer Werft for delivery in the fall of 2015 and the spring of 2017. These Breakaway Plus Class Ships will be approximately 163,000 Gross Tons and 4,200 Berths each. The combined contract cost of these two ships is approximately €1.4 billion, or \$1.9 billion based on the euro/U.S. dollar exchange rate as of June 30, 2014. We have export credit financing in place that provides financing for 80% of their contract prices. We refer you to Note 9—“Subsequent Events” regarding orders for two additional Breakaway Plus Class Ships.

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.

Litigation

In July 2009, a class action complaint was filed against NCL (Bahamas) Ltd. in the United States District Court, Southern District of Florida, on behalf of a purported class of crew members alleging inappropriate deductions of their wages pursuant to the Seaman’s Wage Act and wrongful termination resulting in a loss of retirement benefits. In December 2010, the Court denied the plaintiffs’ Motion for Class Certification. In February 2011, the plaintiffs filed a Motion for Reconsideration as to the Court’s Order on Class Certification which was denied. The Court tried six individual plaintiffs’ claims, and in September 2012 awarded wages aggregating approximately \$100,000 to such plaintiffs. In October 2013, the United States Court of Appeals for the Eleventh Circuit affirmed the Court’s rulings as to the denial of Class Certification and the trial verdict. The Plaintiffs filed a petition for a writ of certiorari in the United States Supreme Court seeking review of the appellate court’s decision which was denied in March 2014. We are vigorously defending this action and are not able at this time to estimate the impact of these proceedings.

In May 2011, a class action complaint was filed against NCL (Bahamas) Ltd. in the United States District Court, Southern District of Florida, on behalf of a purported class of crew members alleging inappropriate deductions of their wages pursuant to the Seaman’s Wage Act and breach of contract. In July 2012, this action was stayed by the Court pending the outcome of the litigation commenced with the class action complaint filed in July 2009. We are vigorously defending this action and are not able at this time to estimate the impact of these proceedings.

In the normal course of our business, various other 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 reasonably possible contingent losses beyond those accrued, as discovery is not complete nor is adequate information available to estimate such range of loss or potential recovery. We intend to vigorously defend our legal position on all claims and, to the extent necessary, seek recovery.

9. Subsequent Events

On July 8, 2014, we entered into agreements with Meyer Werft for two additional Breakaway Plus Class Ships for delivery in the spring of 2018 and the fall of 2019. Each ship will be approximately 164,600 Gross Tons and 4,200 Berths. The combined contract cost of these two additional ships is approximately €1.6 billion or \$2.2 billion based on the euro/U.S. dollar exchange rate as of July 8, 2014. We have export credit financing in place that provides financing for 80% of their contract prices.

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 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 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 for 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 adverse impact of general economic conditions and related factors such as high levels of unemployment and underemployment, fuel price increases, declines in the securities and real estate markets, and perceptions of these conditions that decrease the level of disposable income of consumers or consumer confidence;
- changes in cruise capacity, as well as capacity changes in the overall vacation industry;
- intense competition from other cruise companies as well as non-cruise vacation alternatives which could affect our ability to compete effectively;
- negative publicity surrounding the cruise industry;
- changes in fuel prices and/or other cruise operating costs;
- the risks associated with operating internationally, including changes in interest rates and/or foreign currency rates;
- the continued borrowing availability under our credit facilities and compliance with our financial covenants;
- our substantial indebtedness, including the inability to generate the necessary amount of cash to service our existing debt, and to repay our credit facilities;
- our ability to incur significantly more debt despite our substantial existing indebtedness;
- the impact of volatility and disruptions in the global credit and financial markets which may adversely affect our ability to borrow and could increase our counterparty credit risks, including those under our credit facilities, derivatives, contingent obligations, insurance contracts and new ship progress payment guarantees;
- adverse events impacting the security of travel such as terrorist acts, acts of piracy, armed conflict and other international events;
- the impact of any future changes relating to how external distribution channels sell and market our cruises;
- the impact of any future increases in the price of, or major changes or reduction in, commercial airline services;
- the impact of delays, costs and other factors resulting from emergency ship repairs as well as scheduled repairs, maintenance and refurbishment of our ships;
- the delivery schedules and estimated costs of new ships on terms that are favorable or consistent with our expectations;
- the impact of problems encountered at shipyards, as well as, any potential claim, impairment loss, cancellation or breach of contract in connection with our contracts with shipyards;
- the impact of the spread of epidemics and viral outbreaks;
- the uncertain political environment in countries where we operate;
- the impact of weather and natural disasters;
- accidents and other incidents affecting the health, safety, security and vacation satisfaction of guests or causing damage to ships, which could cause the modification of itineraries or cancellation of a cruise or series of cruises;
- the impact of pending or threatened litigation and investigations;
- our ability to obtain insurance coverage on terms that are favorable or consistent with our expectations;
- the impact of any breaches in data security or other disturbances to our information technology and other networks;
- the impact of amendments to our collective bargaining agreements for crew members and other employee relation issues;

- the continued availability of attractive port destinations;
- our ability to attract and retain key personnel and qualified shipboard crew, maintain good relations with employee unions, maintain or renegotiate our collective bargaining agreements on favorable terms and prevent any disruptions in work;
- changes involving the tax, environmental, health, safety, security and other regulatory regimes in which we operate;
- increases in our future fuel costs related to implementing IMO regulations, which require the use of higher priced low sulfur fuels in certain cruising areas;
- the implementation of regulations in the U.S. requiring U.S. citizens to obtain passports for travel to additional foreign destinations; and
- other factors set forth under “Risk Factors” in our most recently filed Annual Report on Form 10-K.

The above examples are not exhaustive and new risks emerge from time to time. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. 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 will operate in the future. These forward-looking statements speak only as of the date of this report. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein 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.

The interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2013, which are included in our most recently filed Annual Report on Form 10-K.

Terminology

For further information about our non-GAAP financial measures including a reconciliation to the most directly comparable GAAP financial measure, we refer you to “Results of Operations.”

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

- *Adjusted EBITDA*. EBITDA adjusted for other income (expense) and other supplemental adjustments.
- *Adjusted EPS*. Adjusted Net Income divided by the number of diluted weighted-average shares.
- *Adjusted Net Cruise Cost Excluding Fuel*. Net Cruise Cost less fuel expense adjusted for supplemental adjustments.
- *Adjusted Net Income*. Net income (loss) adjusted for supplemental adjustments.
- *Berths*. Double occupancy capacity per stateroom (single occupancy per studio stateroom) even though many staterooms can accommodate three or more passengers.
- *Breakaway Class Ships*. Norwegian Breakaway delivered in April 2013 and Norwegian Getaway delivered in January 2014.
- *Breakaway Plus Class Ships*. The next generation of ships which are similar in design and innovation to Breakaway Class Ships.
- *Breakaway Two Credit Facility*. €529.8 million Breakaway Two Credit Agreement, dated as of November 18, 2010, by and among Breakaway Two, Ltd. and a syndicate of international banks and related Guarantee by NCL Corporation Ltd., as amended.
- *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.
- *Charter*. The hire of a ship for a specified period of time.
- *Constant Currency*. A calculation whereby foreign currency-denominated revenues 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, depreciation and amortization.
- *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.
- *IMO*. International Maritime Organization, a United Nations agency that sets international standards for shipping.
- *Initial Public Offering* (or “*IPO*”). The initial public offering of 27,058,824 ordinary shares, par value \$.001 per share, of NCLH, which was consummated on January 24, 2013.
- *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.
- *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 staterooms.
- *Passenger Cruise Days*. The number of passengers carried for the period, multiplied by the number of days in their respective cruises.
- *Revolving Loan Facility*. \$625.0 million senior secured revolving credit facility maturing on May 24, 2018.
- *ROI Capital Expenditures*. Comprised of project-based capital expenditures which have a quantified return on investment.
- *Secondary Offering*. Public offering in March 2014 resulting in the sale of 15,000,000 ordinary shares of NCLH by the Selling Shareholders.
- *Selling Shareholders*. The Apollo Funds and Star NCLC Holdings Ltd. (“Star NCLC”). Genting HK owns NCLH’s ordinary shares indirectly through Star NCLC, its wholly-owned subsidiary.
- *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, Net Yield, Net Cruise Cost, Adjusted Net Cruise Cost Excluding Fuel and Adjusted EBITDA 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 North America, a portion of our revenue and expenses are denominated in foreign currencies, particularly euro and British Pound sterling, 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 believe that Adjusted EBITDA is a useful measure in determining the Company’s performance as it reflects certain operating drivers of the Company’s business, such as sales growth, operating costs, marketing, general and administrative expense and other operating income and expense. Adjusted EBITDA is not a defined term under GAAP. Adjusted EBITDA is not intended to be a measure of liquidity or cash flows from operations or measures comparable to net income as it does not take into account certain requirements such as capital expenditures and related depreciation, principal and interest payments and tax payments and it includes other supplemental adjustments.

In addition, Adjusted Net Income and Adjusted EPS are supplemental financial measures used to demonstrate GAAP net income and earnings per share excluding certain charges. We use Adjusted Net Income and Adjusted EPS as key performance measures of our earnings performance, and 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. These charges vary from period to period; accordingly, our presentation of Adjusted Net Income and Adjusted EPS may not be indicative of future adjustments or results.

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 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 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 passengers 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 and photo. 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 and certain port expenses.
- 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 shore excursions, beverage sales and gaming.
- Payroll and related consists of the cost of wages and benefits for shipboard employees.
- Fuel includes fuel costs, the impact of certain fuel hedges and fuel delivery costs.
- Food consists of food costs for passengers and crew.
- 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, 2013 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, 2013.

Executive Quarterly Overview

For the second quarter of 2014, we reported Adjusted Net Income of \$121.1 million and Adjusted EPS of \$0.58, which excludes \$5.0 million of expenses related to non-cash compensation and \$2.8 million of other supplemental adjustments (we refer you to our “Results of Operations” below for a calculation of Adjusted Net Income and Adjusted EPS). On a GAAP basis, net income attributable to Norwegian Cruise Line Holdings Ltd. and diluted earnings per share were \$111.6 million and \$0.54, respectively.

Three months ended June 30, 2014 (“2014”) compared to the three months ended June 30, 2013 (“2013”)

Total revenue increased 18.9% to \$765.9 million in 2014 compared to \$644.4 million in 2013. Net Revenue in 2014 increased 23.6% to \$595.7 million from \$482.1 million in 2013 primarily due to an increase in Capacity Days of 19.6% and a Net Yield increase of 3.3%. The increase in Capacity Days was primarily due to the delivery of Norwegian Breakaway in April 2013 and Norwegian Getaway in January 2014. The Net Yield improvement was due to higher Occupancy Percentage, higher onboard and other revenue and benefits from initiatives to reduce our cost of sales. On a Constant Currency basis, Net Yield increased 3.0% in 2014 compared to 2013.

Operating income was \$148.6 million in 2014 compared to \$95.4 million in 2013 and Adjusted EBITDA (we refer you to our “Results of Operations” below for a calculation of Adjusted EBITDA) improved 44.0% for the same period.

Results of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenue				
Passenger ticket	70.2%	71.0%	69.7%	69.7%
Onboard and other	29.8%	29.0%	30.3%	30.3%
Total revenue	100.0%	100.0%	100.0%	100.0%
Cruise operating expense				
Commissions, transportation and other	15.0%	17.5%	16.2%	17.7%
Onboard and other	7.2%	7.7%	7.2%	7.8%
Payroll and related	13.9%	12.8%	14.4%	13.4%
Fuel	10.2%	11.7%	11.0%	12.7%
Food	5.6%	5.2%	5.6%	5.4%
Other	9.6%	10.4%	9.7%	9.9%
Total cruise operating expense	61.5%	65.3%	64.1%	66.9%
Other operating expense				
Marketing, general and administrative	10.8%	11.5%	11.6%	13.6%
Depreciation and amortization	8.3%	8.4%	8.8%	8.7%
Total other operating expense	19.1%	19.9%	20.4%	22.3%
Operating income	19.4%	14.8%	15.5%	10.8%
Non-operating income (expense)				
Interest expense, net	(4.2)%	(16.1)%	(4.4)%	(19.8)%
Other income (expense)	—%	0.1%	—%	0.2%
Total non-operating income (expense)	(4.2)%	(16.0)%	(4.4)%	(19.6)%
Net income (loss) before income taxes	15.2%	(1.2)%	11.1%	(8.8)%
Income tax benefit (expense)	(0.4)%	(0.2)%	0.4%	(0.3)%
Net income (loss)	14.8%	(1.4)%	11.5%	(9.1)%
Net income (loss) attributable to non-controlling interest	0.2%	—%	0.1%	(0.1)%
Net income (loss) attributable to Norwegian Cruise Line Holdings Ltd.	14.6%	(1.4)%	11.4%	(9.0)%

The following table sets forth selected statistical information:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Passengers carried	482,837	405,646	990,109	773,656
Passenger Cruise Days	3,394,649	2,763,358	6,470,051	5,291,550
Capacity Days	3,074,415	2,569,525	5,970,399	4,920,824
Occupancy Percentage	110.4%	107.5%	108.4%	107.5%

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2014 Constant Currency	2013	2014	2014 Constant Currency	2013
Passenger ticket revenue	\$ 538,059	\$ 536,242	\$ 457,619	\$ 996,549	\$ 995,968	\$ 816,547
Onboard and other revenue	227,868	228,003	186,814	433,406	433,605	355,517
Total revenue	765,927	764,245	644,433	1,429,955	1,429,573	1,172,064
Less:						
Commissions, transportation and other expense	114,712	114,244	112,985	231,522	231,358	207,564
Onboard and other expense	55,467	55,601	49,316	103,391	103,589	91,687
Net Revenue	\$ 595,748	\$ 594,400	\$ 482,132	\$ 1,095,042	\$ 1,094,626	\$ 872,813
Capacity Days	3,074,415	3,074,415	2,569,525	5,970,399	5,970,399	4,920,824
Gross Yield	\$ 249.13	\$ 248.58	\$ 250.80	\$ 239.51	\$ 239.44	\$ 238.18
Net Yield	\$ 193.78	\$ 193.34	\$ 187.63	\$ 183.41	\$ 183.34	\$ 177.37

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 June 30,			Six Months Ended June 30,		
	2014	2014 Constant Currency	2013	2014	2014 Constant Currency	2013
Total cruise operating expense	\$ 470,796	\$ 469,871	\$ 421,079	\$ 916,706	\$ 915,696	\$ 783,768
Marketing, general and administrative expense	83,084	82,603	74,111	166,473	165,630	159,317
Gross Cruise Cost	553,880	552,474	495,190	1,083,179	1,081,326	943,085
Less:						
Commissions, transportation and other expense	114,712	114,244	112,985	231,522	231,358	207,564
Onboard and other expense	55,467	55,601	49,316	103,391	103,589	91,687
Net Cruise Cost	383,701	382,629	332,889	748,266	746,379	643,834
Less: Fuel expense	77,832	77,832	75,582	156,872	156,872	148,080
Net Cruise Cost Excluding Fuel	305,869	304,797	257,307	591,394	589,507	495,754
Less: Non-cash compensation	5,014	5,014	—	7,688	7,688	18,527
Secondary Offering expenses	—	—	—	1,877	1,877	—
Other(1)	2,331	2,331	1,923	2,331	2,331	1,923
Adjusted Net Cruise Cost Excluding Fuel	\$ 298,524	\$ 297,452	\$ 255,384	\$ 579,498	\$ 577,611	\$ 475,304
Capacity Days	3,074,415	3,074,415	2,569,525	5,970,399	5,970,399	4,920,824
Gross Cruise Cost per Capacity Day	\$ 180.16	\$ 179.70	\$ 192.72	\$ 181.42	\$ 181.11	\$ 191.65
Net Cruise Cost per Capacity Day	\$ 124.80	\$ 124.46	\$ 129.55	\$ 125.33	\$ 125.01	\$ 130.84
Net Cruise Cost Excluding Fuel per Capacity Day	\$ 99.49	\$ 99.14	\$ 100.14	\$ 99.05	\$ 98.74	\$ 100.75
Adjusted Net Cruise Cost Excluding Fuel per Capacity Day	\$ 97.10	\$ 96.75	\$ 99.39	\$ 97.06	\$ 96.75	\$ 96.59

(1) Included in the three and six months ended June 30, 2014 and 2013 are expenses primarily associated with the tax restructuring and costs related to the settlement of a 2007 breach of contract claim.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income (loss) attributable to Norwegian Cruise Line Holdings Ltd.	\$ 111,616	\$ (8,841)	\$ 162,883	\$ (105,236)
Net income (loss) attributable to non-controlling interest	1,663	(74)	2,088	(1,179)
Net income (loss)	113,279	(8,915)	164,971	(106,415)
Non-cash share-based compensation related to the IPO	—	—	—	18,527
Non-cash compensation	5,014	509	7,688	509
Taxes related to changes in corporate structure and debt prepayments, net (1)	511	(2,146)	(6,174)	(770)
Expenses related to Secondary Offering	—	—	1,877	—
Expenses related to debt prepayments (2)	—	70,068	—	160,573
Other (3)	2,331	700	2,331	700
Adjusted Net Income	\$ 121,135	\$ 60,216	\$ 170,693	\$ 73,124
Diluted weighted-average shares outstanding – Net income (loss)	210,472,991	203,997,492 ⁽⁴⁾	210,742,655	201,189,562 ⁽⁵⁾
Diluted weighted-average shares outstanding – Adjusted Net Income	210,472,991	210,726,281	210,742,655	207,514,700
Diluted earnings (loss) per share	\$ 0.54	\$ (0.04)	\$ 0.78	\$ (0.52)
Adjusted EPS	\$ 0.58	\$ 0.29	\$ 0.81	\$ 0.35

- (1) The six months ended June 30, 2014 includes a tax benefit of \$6.2 million from a change in estimate of tax provision associated with a change in our corporate entity structure. The six months ended June 30, 2013 includes a tax benefit related to the IPO and debt prepayments.
- (2) The six months ended 2013 consists of premiums, write-offs of deferred fees and other expenses related to prepayments of debt.
- (3) Included in the three and six months ended June 30, 2014 are expenses primarily associated with the tax restructuring and costs related to the settlement of a 2007 breach of contract claim. Included in the three and six months ended June 30, 2013 are expenses associated with the tax restructuring.
- (4) Due to a net loss, excludes 6,728,789 shares, as including these would be antidilutive.
- (5) Due to a net loss, excludes 6,325,138 shares, as including these would be antidilutive.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income (loss) attributable to Norwegian Cruise Line Holdings Ltd.	\$ 111,616	\$ (8,841)	\$ 162,883	\$ (105,236)
Interest expense, net	31,860	103,686	63,032	231,342
Income tax (benefit) expense	3,124	1,047	(6,263)	3,244
Depreciation and amortization expense	63,459	53,854	125,099	102,602
EBITDA	210,059	149,746	344,751	231,952
Net income (loss) attributable to Non-controlling interest	1,663	(74)	2,088	(1,179)
Other (income) expense	325	(429)	(63)	(1,794)
Non-cash compensation	5,014	1,444	7,688	2,726
Non-cash share-based compensation related to the IPO	—	—	—	18,527
Expenses related to Secondary Offering	—	—	1,877	—
Other(1)	2,331	1,648	2,331	1,863
Adjusted EBITDA	<u>\$ 219,392</u>	<u>\$ 152,335</u>	<u>\$ 358,672</u>	<u>\$ 252,095</u>

(1) Included in the three and six months ended June 30, 2014 and 2013 are expenses primarily associated with the tax restructuring and costs related to the settlement of a 2007 breach of contract claim.

Three months ended June 30, 2014 (“2014”) compared to three months ended June 30, 2013 (“2013”)

Revenue

Total revenue increased 18.9% to \$765.9 million in 2014 compared to \$644.4 million in 2013. Net Revenue in 2014 increased 23.6% to \$595.7 million from \$482.1 million in 2013 primarily due to an increase in Capacity Days of 19.6% and a Net Yield increase of 3.3%. The increase in Capacity Days was primarily due to the delivery of Norwegian Breakaway in April 2013 and Norwegian Getaway in January 2014. The Net Yield improvement was due to higher Occupancy Percentage, higher onboard and other revenue and benefits from initiatives to reduce our cost of sales. On a Constant Currency basis, Net Yield increased 3.0% in 2014 compared to 2013.

Expense

Total cruise operating expense increased 11.8% in 2014 compared to 2013 primarily due to the increase in Capacity Days discussed above. Total other operating expense increased 14.5% in 2014 compared to 2013 primarily due to an increase in depreciation and amortization expense related to the addition of Norwegian Breakaway and Norwegian Getaway. On a Capacity Day basis, Net Cruise Cost decreased 3.7% (3.9% on a Constant Currency basis) due to decreases in fuel expense and other cruise operating expense. The decrease in fuel expense was primarily the result of a 9.3% decrease in the average fuel price to \$622 per metric ton in 2014 from \$686 in 2013. The decrease in other cruise operating expense is due to a decrease in expenses related to scheduled Dry-docks and cost saving initiatives. Adjusted Net Cruise Cost Excluding Fuel per Capacity Day decreased 2.3% (2.7% on a Constant Currency basis) primarily due to the decrease in expenses discussed above.

Interest expense, net decreased to \$31.9 million in 2014 from \$103.7 million in 2013 primarily due to lower average debt outstanding and lower interest rates resulting from the benefits from the redemption of higher rate debt and refinancing transactions. In addition, 2013 included \$70.1 million of expenses associated with debt prepayments.

Six months ended June 30, 2014 (“2014”) compared to six months ended June 30, 2013 (“2013”)

Revenue

Total revenue increased 22.0% to \$1.4 billion in 2014 compared to \$1.2 billion in 2013. Net Revenue in 2014 increased 25.5% to \$1,095.0 million from \$872.8 million in 2013 due to an increase in Capacity Days of 21.3% and Net Yield of 3.4%. The increase in Capacity Days was primarily due to the delivery of Norwegian Breakaway in April 2013 and Norwegian Getaway in January 2014. The Net Yield improvement was due to higher Occupancy Percentage, higher onboard and other revenue and benefits from initiatives to reduce our cost of sales. On a Constant Currency basis, Net Yield increased 3.4% in 2014 compared to 2013.

Expense

Total cruise operating expense increased 17.0% in 2014 compared to 2013 primarily due to the increase in Capacity Days as discussed above. Total other operating expense increased 11.3% in 2014 compared to 2013 primarily due to an increase in depreciation and amortization expense related to the addition of Norwegian Breakaway and Norwegian Getaway and certain inaugural and launch-related costs for Norwegian Getaway. On a Capacity Day basis, Net Cruise Cost decreased 4.2% (4.5% on a Constant Currency basis) due to decreases in fuel expense and general and administrative expenses. The decrease in fuel expense was primarily the result of a 6.9% decrease in the average fuel price to \$633 per metric ton in 2014 from \$680 in 2013. The decrease in general and administrative expense was primarily due to non-cash expenses included in 2013 which related to share-based compensation recognized upon the realization of the IPO. Adjusted Net Cruise Cost Excluding Fuel per Capacity Day remained relatively unchanged on an as reported and Constant Currency basis.

Interest expense, net decreased to \$63.0 million in 2014 from \$231.3 million in 2013 primarily due to lower interest rates resulting from the benefits from the redemption of higher rate debt and refinancing transactions partially offset by an increase in average debt outstanding. In addition, 2013 included \$160.6 million of expenses associated with debt prepayments partially offset by lower interest rates.

In 2014 we had an income tax benefit of \$6.3 million compared to an expense of \$3.2 million in the prior year. The income tax benefit in 2014 primarily related to a change in our corporate entity structure which was completed in 2013. For the year ended December 31, 2013, the tax provision reflected an interest expense deduction based on a method supported by the information available at such time. During the first quarter of 2014, we received additional information which allowed us to elect another acceptable tax method, resulting in a tax benefit of \$11.1 million which includes a \$6.2 million non-recurring benefit which has been excluded from Adjusted Net Income and Adjusted EPS for the six months ended June 30, 2014. Income tax expense, net for the six months ended June 30, 2013 was \$3.2 million which consists of a one-time expense of \$4.2 million due to a change in U.S. tax status from a partnership to a corporation in connection with the IPO, a benefit of \$5.0 million in connection with our prepayments of debt, and a \$4.0 million expense from our U.S. operations.

Liquidity and Capital Resources

General

As of June 30, 2014, our liquidity was \$605.5 million consisting of \$63.5 million in cash and cash equivalents and \$542.0 million available under our Revolving Loan Facility. Our primary ongoing liquidity requirements are to finance working capital, capital expenditures and debt service.

As of June 30, 2014, we had a working capital deficit of \$1,169.7 million. This deficit included \$610.6 million of advance ticket sales, which represents the passenger ticket 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 Revolving Loan Facility, allows us to operate with a working capital deficit and still meet our operating, investing and financing needs.

Sources and Uses of Cash

In this section, references to "2014" refer to the six months ended June 30, 2014 and references to "2013" refer to the six months ended June 30, 2013.

Net cash provided by operating activities was \$519.1 million in 2014 as compared to \$252.8 million in 2013. The change in net cash provided by operating activities reflects net income in 2014 of \$165.0 million compared to a net loss in 2013 of \$106.4 million, as well as timing differences in cash receipts and payments relating to operating assets and liabilities. The net loss in 2013 included fees of \$124.2 million related to prepayment of debt.

Net cash used in investing activities was \$787.6 million in 2014, primarily related to payments for delivery of Norwegian Getaway, as well as other ship improvements and shoreside projects. Net cash used in investing activities was \$759.0 million in 2013, primarily related to the payments for construction of Norwegian Breakaway and Norwegian Getaway and other ship improvements and shoreside projects.

Net cash provided by financing activities was \$275.5 million in 2014, primarily due to proceeds from the Breakaway Two Credit Facility partially offset by repayments of our revolving credit facility and other borrowings. Net cash provided by financing activities was \$543.6 million in 2013, primarily due to proceeds from the issuance of our \$300.0 million 5% senior notes due 2018 as well as

borrowings under other credit facilities. Also included are the proceeds from the issuance of ordinary shares partially offset by repayments of our \$450.0 million 11.75% senior secured notes due 2016 and revolving credit facilities. Additionally, we made a payment related to the Norwegian Sky purchase agreement.

Future Capital Commitments

Future capital commitments consist of contracted commitments, including future expected capital expenditures for business enhancements and ship construction contracts. As of June 30, 2014 anticipated capital expenditures together with amounts for ship construction and related export credit financing were as follows (in thousands, based on the euro/U.S. dollar exchange rate as of June 30, 2014):

	Remaining Quarters	Full Year		
	2014	2014	2015	2016
Ship construction	\$ 77,234	\$ 810,496	\$ 975,971	\$ 116,463
Ship financing	(45,898)	(706,328)	(771,021)	(45,898)
Ship construction net of financing	\$ 31,336	\$ 104,168	\$ 204,950	\$ 70,565
Business Enhancement Capital Expenditures including ROI Capital Expenditures (1) (2)(3)	\$ 56,000	\$ 98,000	\$ 83,000	\$ 90,000
Incremental ROI Capital Expenditures for exhaust gas scrubbers	\$ 20,000	\$ 27,000	\$ 27,000	\$ 10,000

- (1) Remaining Quarters and Full Year 2014 includes \$29.0 million and \$44.0 million in ROI Capital Expenditures, respectively.
- (2) Remaining Quarters and Full Year 2014, 2015 and 2016 exclude amounts for exhaust gas scrubbers.
- (3) Remaining Quarters and Full Year 2014 and 2015 include investment for development of our future cruise destination in Belize.

As of June 30, 2014, we have two ships on order with Meyer Werft for delivery in the fall of 2015 and the spring of 2017. These Breakaway Plus Class Ships will be approximately 163,000 Gross Tons and 4,200 Berths each. The combined contract cost of these two additional ships is approximately €1.4 billion, or \$1.9 billion based on the euro/U.S. dollar exchange rate as of June 30, 2014. We have export credit financing in place that provides financing for 80% of their contract prices. We refer you to our Notes to Consolidated Financial Statements Note 9—“Subsequent Events” regarding additional ships on order.

In connection with the contracts to build these 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, subject to certain refund guarantees, and potential claims and impairment losses which may materially impact our business, financial condition and results of operations.

Capitalized interest for the three and six months ended June 30, 2014 was \$4.1 million and \$9.2 million, respectively, primarily associated with the construction of the Breakaway Plus Class Ships. Capitalized interest for the three and six months ended June 30, 2013 was \$5.6 million and \$13.1 million, respectively, primarily associated with the construction of Norwegian Breakaway and Norwegian Getaway.

Off-Balance Sheet Transactions

None.

Contractual Obligations

As of June 30, 2014, 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):

	<u>Total</u>	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>More than 5 years</u>
Long-term debt (1)	\$ 3,502,248	\$ 372,911	\$ 783,249	\$ 1,287,858	\$ 1,058,230
Due to Affiliate (2)	73,906	37,026	36,880	—	—
Operating leases (3)	41,033	6,830	12,603	11,115	10,485
Ship construction contracts (4)	1,865,924	114,745	1,751,179	—	—
Port facilities (5)	259,056	30,980	67,999	57,742	102,335
Interest (6)	489,943	96,274	171,317	108,904	113,448
Other (7)	81,576	44,181	31,526	3,938	1,931
Total	<u>\$ 6,313,686</u>	<u>\$ 702,947</u>	<u>\$ 2,854,753</u>	<u>\$ 1,469,557</u>	<u>\$ 1,286,429</u>

- (1) Net of unamortized original issue discount of \$1.2 million. Also includes capital leases.
- (2) Primarily related to the purchase of Norwegian Sky.
- (3) Primarily for offices, motor vehicles and office equipment.
- (4) For two Breakaway Plus Class Ships based on the euro/U.S. dollar exchange rate as of June 30, 2014. Export credit financing is in place from a syndicate of banks.
- (5) Primarily for our usage of certain port facilities.
- (6) Includes fixed and variable rates with LIBOR held constant as of June 30, 2014.
- (7) Future commitments for service and maintenance contracts.

Other

Certain of our 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

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. Our ships and substantially all other property and equipment are pledged as collateral for our debt. We believe we were in compliance with these covenants as of June 30, 2014.

We believe our cash on hand, expected future operating cash inflows, additional available borrowings under our existing credit facility and our ability to issue debt securities or raise additional equity, 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 amount, 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

From time to time, we consider entering into interest rate swap agreements to mitigate our exposure to interest rate movements and to manage our interest expense. As of June 30, 2014, 51% of our debt was fixed and 49% was variable which includes the effects of the interest rate swap. The notional amount of outstanding debt associated with the interest rate swap agreements as of June 30, 2014 was \$654.0 million. Based on our June 30, 2014 outstanding variable rate debt balance, a one percentage point increase in annual LIBOR interest rates would increase our annual interest expense by approximately \$17.3 million excluding the effects of capitalization of interest.

Foreign Currency Exchange Rate Risk

We use foreign currency derivatives to hedge the exposure to volatility in foreign currency exchange rates related to our ship construction contracts denominated in euros. As of June 30, 2014, we had a foreign currency forward contract to hedge the foreign currency exchange rate risk on a portion of the final payments on a ship construction contract. The notional amount of our foreign currency forward contract was €20.0 million, or \$27.4 million based on the euro/U.S. dollar exchange rate as of June 30, 2014. The remaining payments not hedged aggregate €1,342.8 million, \$1,838.5 million based on the euro/U.S. dollar value of the foreign currency denominated remaining payments. We estimate that a 10% change in the euro as of June 30, 2014 would result in a \$183.9 million 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 16.5% and 17.9% for the three months ended June 30, 2014 and 2013 and 17.1% and 18.9% for each of the six months ended June 30, 2014 and 2013, respectively. From time to time, we use fuel derivative agreements to mitigate the financial impact of fluctuations in fuel prices. As of June 30, 2014, we had hedged approximately 76%, 59% and 37% of our remaining 2014, 2015 and 2016 projected metric tons of certain fuel purchases, respectively. We estimate that a 10% increase in our weighted-average fuel price would increase our anticipated 2014 fuel expense by \$14.6 million. This increase would be partially offset by an increase in the fair value of our fuel swap agreements and fuel collars and options of \$7.5 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 of June 30, 2014. 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 our management's evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2014 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 Securities and Exchange Commission, 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 June 30, 2014 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 July 2009, a class action complaint was filed against NCL (Bahamas) Ltd. in the United States District Court, Southern District of Florida, on behalf of a purported class of crew members alleging inappropriate deductions of their wages pursuant to the Seaman’s Wage Act and wrongful termination resulting in a loss of retirement benefits. In December 2010, the Court denied the plaintiffs’ Motion for Class Certification. In February 2011, the plaintiffs filed a Motion for Reconsideration as to the Court’s Order on Class Certification which was denied. The Court tried six individual plaintiffs’ claims, and in September 2012 awarded wages aggregating approximately \$100,000 to such plaintiffs. In October 2013, the United States Court of Appeals for the Eleventh Circuit affirmed the Court’s rulings as to the denial of Class Certification and the trial verdict. The Plaintiffs filed a petition for a writ of certiorari in the United States Supreme Court seeking review of the appellate court’s decision which was denied in March 2014. We are vigorously defending this action and are not able at this time to estimate the impact of these proceedings.

In May 2011, a class action complaint was filed against NCL (Bahamas) Ltd. in the United States District Court, Southern District of Florida, on behalf of a purported class of crew members alleging inappropriate deductions of their wages pursuant to the Seaman’s Wage Act and breach of contract. In July 2012, this action was stayed by the Court pending the outcome of the litigation commenced with the class action complaint filed in July 2009. We are vigorously defending this action and are not able at this time to estimate the impact of these proceedings.

In the normal course of our business, various other 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 reasonably possible contingent losses beyond those accrued, as discovery is not complete nor is adequate information available to estimate such range of loss or potential recovery. 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 2013 Annual Report on Form 10-K for a discussion of the risk factors that affect our business and financial results. There have been no material changes to those risk factors. We wish to caution the reader that the risk factors discussed in “*Item 1A. Risk Factors*” in our 2013 Annual Report on Form 10-K, and those described elsewhere in this report or other Securities and Exchange Commission 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

Share repurchase activity during the three months ended June 30, 2014 was as follows:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (in thousands) ⁽¹⁾
April 1, 2014 -April 30, 2014				\$ 500,000
May 1, 2014- May 31, 2014	145,698	\$ 33.46	145,698	\$ 495,125
June 1, 2014- June 30, 2014	2,251,596	\$ 32.99	2,251,596	\$ 420,845
Total	2,397,294	\$ 33.02	2,397,294	

(1) 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 repurchases in the three months ended June 30, 2014 were made under this share repurchase 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. During the three months ended June 30, 2014, NCLH repurchased approximately 2.4 million ordinary shares under its share repurchase program for \$79.2 million, which shares are reflected as treasury shares at cost on the consolidated balance sheet as of June 30, 2014.

Item 5. Other Information

None.

Item 6. Exhibits

- 10.1* Addendum No. 2, dated July 9, 2013, to Shipbuilding Contract for Hull identified therein, as amended, by and among Meyer Werft GMBH, the Buyer and NCL Corporation Ltd. +
- 10.2* Addendum No. 3, dated May 22, 2014, to Shipbuilding Contract for Hull identified therein, as amended, by and among Meyer Werft GMBH, the Buyer and NCL Corporation Ltd. +
- 10.3* Norwegian Cruise Line Holdings Ltd. Employee Stock Purchase Plan.
- 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 financial statements from Norwegian Cruise Line Holdings Ltd.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, formatted in Extensible Business Reporting Language (XBRL), as follows:
 - (i) the Consolidated Statements of Operations for the three and six months ended June 30, 2014 and 2013;
 - (ii) the Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2014 and 2013;
 - (iii) the Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013;
 - (iv) the Consolidated Statements of Cash Flows for the six months ended June 30, 2014 and 2013;
 - (v) the Consolidated Statements of Changes in Shareholder's Equity for the six months ended June 30, 2014 and 2013; and
 - (vi) the Notes to Consolidated Financial Statements, tagged in summary and detail.
- * Filed herewith
- ** Furnished herewith
- + Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been filed separately with the SEC.

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/ Kevin M. Sheehan
Name: Kevin M. Sheehan
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 and Principal Accounting Officer)

Dated: July 31, 2014

[*]: THE CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

**ADDENDUM NO. 2
TO THE SHIPBUILDING CONTRACT
HULL NO. [*]
DATED [*]**

between

MEYER WERFT GMBH, a company organised and existing under the laws of Germany, and having its principal office at Industriegebiet Süd, D-26871 Papenburg, Germany (the "Builder"); and

[*], a company incorporated in Bermuda and having its registered office at Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM11, Bermuda (the "Buyer"); and

NCL CORPORATION LTD., a company incorporated in Bermuda having its registered office at Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM11, Bermuda ("NCLC").

Whereas, Article [*] Clause [*] of the Contract provides, that the Builder shall by [*] propose for the Buyer's approval (not to be unreasonably withheld or delayed) a date [*] during the period from [*].

Whereas, the parties desire to fix the date of delivery for the Ship.

Now, therefore, in consideration of the premises, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Article [*], Clause [*]:

The Delivery Date of the Ship in accordance with the provisions of the Contract shall be [*].

2. This Addendum No. 2 will be treated as having been signed by the parties hereto at the time and on the date when each party has signed and initialled a complete, legible and identical counterpart of this Addendum No. 2 and exchanged the same by e-mail or fax with the other parties. Thereafter for record purposes only three identical original counterparts of this Addendum No. 2 shall be signed and initialled by each of the parties after which one original counterpart will be retained by the Builder, one will be retained by the Buyer and the other will be retained by NCLC.

3. Words and expressions defined in the Contract shall have the same meanings when used herein.

4. Except as set forth in this Addendum No. 2, the Contract shall remain unchanged and this Addendum No. 2 shall be treated as an integral part of the Contract.

IN WITNESS WHEREOF, the Builder, the Buyer and NCLC have duly executed this Addendum No. 2.

/s/Bernard Meyer

For and on behalf of **Meyer Werft GmbH**
9 July 2013

/s/Kevin M. Sheehan

For and on behalf of [*]
9 July 2013

/s/Kevin M. Sheehan

For and on behalf of **NCL Corporation Ltd.**
9 July 2013

[*]: THE CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

**ADDENDUM NO. 3
TO THE SHIPBUILDING CONTRACT
HULL NO. [*]
DATED [*]**

between

MEYER WERFT GMBH, a company organised and existing under the laws of Germany, and having its principal office at Industriegebiet Süd, D-26871 Papenburg, Germany (the "Builder"); and

[*], a company incorporated in Bermuda and having its registered office at Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM11, Bermuda (the "Buyer"); and

NCL CORPORATION LTD., a company incorporated in Bermuda having its registered office at Cumberland House, 9th Floor, 1 Victoria Street, Hamilton HM11, Bermuda ("NCLC").

Whereas by a Shipbuilding Contract dated [*] in relation to Hull No. [*] – as amended – made between the Builder, the Buyer and NCLC (the "Contract"), the Builder agreed to design, build, complete and sell to the Buyer a passenger cruise ship and the Buyer agreed to purchase and accept delivery of the same, all in accordance with the terms and conditions of the Contract.

Whereas, the parties have agreed upon the modification of Hull No. [*] to a ship which shall be operated [*]. Furthermore the parties have agreed that this modification shall be conducted and documented – in addition to this addendum – by way of an agreement on modification (the "[*] AOM") which will be based on the Specification and General Arrangement Plan to be agreed between the parties in accordance with the terms and conditions described in this addendum.

Now, therefore, in consideration of the premises, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. The Plans and the Specification which are currently agreed by the parties within the Contract and hence do currently form a part of the contract shall be replaced as follows:
-

1. The specification [*], which is to be agreed upon between the Builder and the Buyer by [*] shall without any further notice become the contractual Specification for Hull No. [*] once the parties have agreed thereon.
2. The general arrangement plan [*], which is to be agreed upon between the Builder and the Buyer by [*] shall without any further notice become part of the contractual Plans for Hull No. [*] once the parties have agreed thereon.

2. Accordingly Article 1 Clause 2 “Description of the Ship” shall be amended as follows:

1. Dimensions:

Length overall: about [*] metres
Length between perpendiculars: about [*] metres
Breadth moulded: about [*] metres
Depth to bulkhead deck: [*]metres
Design draft: about [*] metres

2. Deadweight

The guaranteed deadweight at a design draft of [*] metres will be [*] metric tons in seawater of 1.025 t/m³ density (and under the conditions further described in section G.2.3 of the Specification). The deadweight is the difference between the loaded displacement and the contractual lightweight. The contractual lightweight is the weight of the Ship clean, empty, equipped ready for sea in accordance with section G.8.3 of the Specification and adjusted by any weight (and related ballast) added or subtracted by reason of any agreements on modification made at any time under Article 3 of this Contract.

3. Passenger Cabins:

Number of passenger cabins: approx. [*]

Thereof:

Penthouse Suite: [*]
Courtyard Suite 1: [*]
Courtyard Suite 2: [*]
Courtyard Suite 2 ADA: [*]
Corner Suite: [*]
Spa Suite: [*]
Junior Suite: [*]
Family Deluxe Suite: [*]
Family Deluxe Suite ADA: [*]
Mini Suite: [*]
Mini Suite Spa: [*]
Mini Suite ADA: [*]
Balcony Cabin: [*]
Balcony Cabin Spa: [*]
Balcony Cabin ADA: [*]
Ocean View Cabins Transversal: [*]

Ocean View Cabins Longitudinal: [*]
Ocean View Cabins Longitudinal Family: [*]
Ocean View Cabins ADA: [*]
Family cabin: [*]
Family cabin ADA: [*]
Inside Cabin: [*]
Inside Cabin ADA: [*]
Inside Studio Cabins: [*]

4. Crew Cabins:

Number of crew cabins: approx. [*]

Thereof:

Captain class cabins: [*]
Senior officer cabins: [*]
Officer outside cabins: [*]
Officer inside cabins: [*]
Senior Crew single cabins: [*]
Senior Crew double cabins: [*]
Crew single cabins: [*]
Crew single shared cabins: [*]
Crew double cabins A: [*]
Crew double cabins B: [*]
Crew entertainer cabins: [*]

5. Machinery:

Pod Units: 2 pod units each developing [*] kw at approximately 139 rpm

6. Speed

The trial speed of the Ship at a mean moulded draft of [*] metres shall be at least [*] knots under the conditions specified in Section G.2.5 of the Specification.

3. Article 1, Clause 1.1. (i) (e):

The Ship shall be delivered to the Buyer at Bremerhaven but if this is not reasonably possible the Ship may be delivered at Eemshaven or if this is not reasonably possible at any other North European sea port selected by the Builder and approved by the Buyer (such approval not to be unreasonably withheld or delayed) or alternatively at sea close to a North European sea port selected by the Builder and approved by the Buyer (such approval not to be unreasonably withheld or delayed).

4. Article 3, Clause 1

For the avoidance of doubt, the [*] AOM shall be dealt with under and in accordance with Article 3 of the Contract and hence e.g. adjustments to or amendments of any relevant provisions of this Contract, the Plans or the Specification, which are directly, necessarily and reasonably occasioned by such modification will be accepted.

5. Article 6, Clause 2.2

The guaranteed trial speed ("GTS") of the Ship at a mean moulded draft of [*] metres ([*] metres and [*]) shall be [*] knots and shall be demonstrated by the Builder during the sea trials tests under the conditions described in section G.2.5 of the Specification. If at any time the Builder anticipates that, or if the sea trials tests demonstrate that, there will be a deficiency in the GTS the Builder shall promptly develop and provide the Buyer with a proposal to remedy the deficiency at the Builder's cost.

For the avoidance of doubt, all stipulations with regard to e.g. liquidated damages based on a former guaranteed trial speed of 22.4 knots – which had been agreed at contract signing for Hull No. [*] – shall be deemed to be amended accordingly by this addendum without any further notice and hence such stipulations shall now be based on the GTS of [*] knots as described above and agreed by this addendum.

6. Article 7, Clause 1.1:

The Delivery Date of the Ship in accordance with the provisions of the Contract shall now be [*] instead of [*].

7. Article 8, Clause 1.1:

The parties had at the signing of the Contract for Hull No. [*] agreed on a provision for costs savings in the amount of €[*] (Euros [*]) (the "Target Saving No. 1") and the parties now wish to agree on a further separate provision for cost savings in the amount of €[*] (Euros [*]) (the "Target Saving No. 2")

Hence the Contract Price for Hull No. [*] shall now include further cost savings in the amount of €[*] (Euros [*]) (the "Target Saving No. 2") to be agreed upon between the Builder and the Buyer by [*]. Any such agreed cost savings as per ongoing discussions are to be handled as an agreement on a modification (AOM) in accordance with the provisions of the Contract. If and to the extent that the Builder and the Buyer are not able to agree on cost savings in the amount of the Target Saving for the Ship by such date the Contract Price shall be increased (but without application of any contractual or other profit margin for the Builder) by the difference between the amount of the cost savings agreed between the parties and the amount of the Target Saving.

For the avoidance of doubt, the former provision regarding cost savings amounting to €[*] (Euros [*]) which has been agreed upon between the Builder and the Buyer at the signing of the Contract for Hull No. [*] (the "Target Saving No. 1") shall remain unaffected.

8. [*] During the further process the parties will work together closely and in good faith in order to review their respective progress and the corresponding probability to meet the aforementioned deadline.

9. This Addendum No. 3 will be treated as having been signed by the parties hereto at the time and on the date when each party has signed and initialled a complete, legible and identical counterpart of this Addendum No. 3 and exchanged the same by e-mail or fax with the other parties. Thereafter for record purposes only three identical original counterparts of this Addendum No. 3 shall be signed and initialled by each of the parties after which one original counterpart will be retained by the Builder, one will be retained by the Buyer and the other will be retained by NCLC.

10. Words and expressions defined in the Contract shall have the same meanings when used herein.

11. Except as set forth in this Addendum No. 3, the Contract shall remain unchanged and this Addendum No. 3 shall be treated as an integral part of the Contract.

IN WITNESS WHEREOF, the Builder, the Buyer and NCLC have duly executed this Addendum No. 3.

/s/Bernard Meyer

For and on behalf of **Meyer Werft GmbH**
22 May 2014

/s/Kevin M. Sheehan

For and on behalf of [*]
22 May 2014

/s/Kevin M. Sheehan

For and on behalf of **NCL Corporation Ltd.**
22 May 2014

**NORWEGIAN CRUISE LINE HOLDINGS LTD.
EMPLOYEE STOCK PURCHASE PLAN**

1. PURPOSE

The purpose of this Plan is to assist Eligible Employees in acquiring a stock ownership interest in the Corporation, at a favorable price and upon favorable terms, pursuant to a plan which is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. This Plan is also intended to encourage Eligible Employees to remain in the employ of the Corporation or a Participating Subsidiary and to provide them with an additional incentive to advance the best interests of the Corporation.

2. DEFINITIONS

Capitalized terms used herein which are not otherwise defined shall have the following meanings.

"**Account**" means the bookkeeping account maintained by the Corporation, or by a recordkeeper on behalf of the Corporation, for a Participant pursuant to Section 7(a).

"**Board**" means the Board of Directors of the Corporation.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Committee**" means the committee appointed by the Board to administer this Plan pursuant to Section 12.

"**Compensation**" means an Eligible Employee's regular earnings and shall not include any overtime pay, sick pay, shift differential, shift premium, vacation pay, cash incentive compensation, commissions or cash bonuses. Compensation also includes any amounts contributed as salary reduction contributions to a plan qualifying under Section 401(k), 125 or 129 of the Code. Any other form of remuneration is excluded from Compensation, including (but not limited to) the following: prizes, awards, relocation or housing allowances, stock option exercises, stock appreciation right payments, the vesting or grant of restricted stock, the payment of stock units, performance awards, auto allowances, tuition reimbursement, perquisites, non-cash compensation and other forms of imputed income. Notwithstanding the foregoing, Compensation shall not include any amounts deferred under or paid from any nonqualified deferred compensation plan maintained by the Corporation or any Subsidiary.

"**Contributions**" means the bookkeeping amounts credited to the Account of a Participant pursuant to this Plan, equal in amount to the amount of Compensation that the Participant has elected to contribute for the purchase of Ordinary Shares under and in accordance with this Plan.

"**Corporation**" means Norwegian Cruise Line Holdings Ltd., a company organized under the laws of Bermuda, and its successors.

"**Effective Date**" means the date on which this Plan is initially approved by the stockholders of the Corporation.

“**Eligible Employee**” means any employee of the Corporation, or of any Subsidiary which has been designated in writing by the Committee as a “Participating Subsidiary.” Notwithstanding the foregoing, “Eligible Employee” shall not include any employee:

- (a) whose customary employment is for five (5) months or less in a calendar year; or
- (b) whose customary employment is for twenty (20) hours or less per week.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended from time to time.

“**Fair Market Value**” on any date means:

- (a) if the Ordinary Shares are listed or admitted to trade on a national securities exchange, the closing price of an Ordinary Share on such date on the principal national securities exchange on which the Ordinary Shares are so listed or admitted to trade, or, if there is no trading of the Ordinary Shares on such date, then the closing price of an Ordinary Share on such exchange on the next preceding date on which there was trading in the Ordinary Shares;
- (b) in the absence of exchange data required to determine Fair Market Value pursuant to the foregoing, the value as established by the Committee as of the relevant time for purposes of this Plan.

“**Grant Date**” means, with respect to an Offering Period, the first day of that Offering Period.

“**Individual Limit**” has the meaning given to such term in Section 4(b).

“**New Purchase Date**” has the meaning given to such term in Section 18.

“**Offering Period**” means the six (6) consecutive month period commencing on each Grant Date; provided, however, that the Committee may declare, as it deems appropriate and in advance of the applicable Offering Period, a shorter (not to be less than three months) Offering Period or a longer (not to exceed 27 months) Offering Period. Unless otherwise established by the Committee prior to the start of an Offering Period, the duration of each Offering Period shall be as provided in Section 5.

“**Option**” means the stock option to acquire Ordinary Shares granted to a Participant pursuant to Section 8.

“**Option Price**” means the per share exercise price of an Option as determined in accordance with Section 8(b).

“**Ordinary Shares**” means the ordinary shares, par value \$0.001 per share, of the Corporation, and such other securities or property as may become the subject of Options pursuant to an adjustment made under Section 17.

“**Parent**” means any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation in which each corporation (other than the Corporation) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one or more of the other corporations in the chain.

“**Participant**” means an Eligible Employee who has elected to participate in this Plan and who has filed a valid and effective Subscription Agreement to make Contributions pursuant to Section 6.

“**Participating Subsidiary**” shall have the meaning given to such term in Section 19(c).

“**Plan**” means this Norwegian Cruise Line Holdings Ltd. Employee Stock Purchase Plan, as it may be amended or restated from time to time.

“**Purchase Date**” means, with respect to an Offering Period, the last day of that Offering Period.

“**Subscription Agreement**” means the written agreement (including a written agreement in electronic form) filed by an Eligible Employee with the Corporation pursuant to Section 6 to participate in this Plan.

“**Subsidiary**” means any corporation (other than the Corporation) in an unbroken chain of corporations (beginning with the Corporation) in which each corporation (other than the last corporation) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one or more of the other corporations in the chain.

3. ELIGIBILITY

Any person employed as an Eligible Employee as of the beginning of any given Offering Period shall be eligible to participate in such Offering Period, subject to the Eligible Employee satisfying the requirements of Section 6.

4. STOCK SUBJECT TO THIS PLAN; SHARE LIMITATIONS

- (a) *Aggregate Share Limit.* Subject to the provisions of Section 17, the capital stock that may be delivered under this Plan will be the Corporation’s authorized but unissued Ordinary Shares. The maximum number of Ordinary Shares that may be delivered pursuant to Options granted under this Plan is 2,000,000 shares, subject to adjustments pursuant to Section 17.
- (b) *Individual Share Limit.* The maximum number of Ordinary Shares that any one individual may acquire upon exercise of his or her Option with respect to any one Offering Period is 1,500, subject to adjustments pursuant to Section 17 (the “**Individual Limit**”). The Committee may amend the Individual Limit as it applies to any particular Offering Period, effective no earlier than the first day of such Offering Period without stockholder approval.
- (c) *Shares Not Actually Delivered.* Shares that are subject to or underlie Options, which for any reason are cancelled or terminated, are forfeited, fail to vest, or for any other reason are not paid or delivered under this Plan shall again, except to the extent prohibited by law, be available for subsequent Options under this Plan.

5. OFFERING PERIODS

During the term of this Plan, the Corporation will grant Options to purchase Ordinary Shares in each Offering Period to all Participants in that Offering Period. The Grant Date and Purchase Date of the initial Offering Period after the Effective Date will be established by the Committee in advance of the Offering Period. Unless otherwise specified in advance by the Committee, each Offering Period thereafter will be of approximately six (6) months duration, with the first such Offering Period commencing immediately after the Purchase Date of the initial Offering Period. Each Option shall become effective on the Grant Date of the Offering Period with respect to which the Option is granted. The term of each Option shall be the duration of the related Offering Period and shall end on the Purchase Date of that Offering Period. Offering Periods shall continue until this Plan is terminated in accordance with Section 18 or 19, or, if earlier, until no Ordinary Shares remain available for Options pursuant to Section 4.

6. PARTICIPATION

- (a) *Enrollment.* An Eligible Employee may become a Participant in this Plan by completing a Subscription Agreement on a form approved by and in a manner prescribed by the Committee (or its delegate). To become effective, a Subscription Agreement must be signed by the Eligible Employee and be filed with the Corporation at the time specified by the Committee, but in all cases prior to the start of the Offering Period with respect to which it is to become effective, and must set forth a whole percentage (or, if the Committee so provides, a stated amount) of the Eligible Employee's Compensation to be credited to the Participant's Account as Contributions each pay period.
- (b) *Contribution Limits.* Notwithstanding the foregoing, a Participant may not elect to contribute less than ten dollars (\$10) nor more than ten percent (10%) (or such other limit as the Committee may establish prior to the start of the applicable Offering Period) of his or her Compensation during any one pay period as Plan Contributions. The Committee also may prescribe other limits, rules or procedures for Contributions. In the event the Committee permits Participants to make direct payments of Contributions, the Committee may establish a minimum amount for such direct payments prior to the start of the applicable Offering Period.
- (c) *Content and Duration of Subscription Agreements.* Subscription Agreements shall contain the Eligible Employee's authorization and consent to the Corporation's withholding from his or her Compensation the amount of his or her Contributions (or, if the Committee permits Participants to make direct payments of Contributions, the Eligible Employee's agreement to make such contributions). An Eligible Employee's Subscription Agreement, and his or her participation election and withholding consent thereon, shall remain valid for all Offering Periods until (1) the Eligible Employee's participation terminates pursuant to the terms hereof, (2) the Eligible Employee files a new Subscription Agreement that becomes effective, or (3) the Committee requires that a new Subscription Agreement be executed and filed with the Corporation.

7. METHOD OF PAYMENT OF CONTRIBUTIONS

- (a) *Participation Accounts.* The Corporation shall maintain on its books, or cause to be maintained by a recordkeeper, an Account in the name of each Participant. The percentage of Compensation elected to be applied as Contributions by a Participant shall be deducted from such Participant's Compensation on each payday during the period for payroll deductions set forth below and such payroll deductions shall be credited to that Participant's Account as soon as administratively practicable after such date. A Participant may not make any additional payments to his or her Account unless the Committee permits Participants to make direct payments of Contributions prior to the start of the applicable Offering Period. A Participant's Account shall be reduced by any amounts used to pay the Option Price of shares acquired, or by any other amounts distributed pursuant to the terms hereof.
- (b) *Payroll Deductions.* Subject to such other rules as the Committee may adopt, payroll deductions with respect to an Offering Period shall commence on the first pay day which coincides with or immediately follows the applicable Grant Date and shall end on the last pay day which coincides with or immediately precedes the applicable Purchase Date, unless sooner terminated by the Participant as provided in Section 7(d) or until his or her participation terminates pursuant to Section 11.
- (c) *Changes in Contribution Elections for Next Offering Period.* A Participant may discontinue, increase, or decrease the level of his or her Contributions (within the Plan limits) by completing and filing with the Corporation, on such terms as the Committee (or its delegate) may prescribe, a new Subscription Agreement which indicates such election. Subject to any other timing requirements that the Committee may impose, an election pursuant to this Section 7(c) shall be

effective with the first Offering Period that commences after the Corporation's receipt of such election. Except as contemplated by Section 7(d) and 7(e), changes in Contribution levels may not take effect during an Offering Period. Other modifications or suspensions of Subscription Agreements are not permitted.

- (d) *Withdrawal During an Offering Period.* A Participant may terminate his or her Contributions during an Offering Period (and receive a distribution of the balance of his or her Account in accordance with Section 11) by completing and filing with the Corporation, in such form and on such terms as the Committee (or its delegate) may prescribe, a written withdrawal form which shall be signed by the Participant. Such termination shall be effective as soon as administratively practicable after its receipt by the Corporation. A withdrawal election pursuant to this Section 7(d) shall only be effective for a particular Offering Period, however, if it is received by the Corporation prior to the Purchase Date of that Offering Period (or such earlier deadline that the Committee may reasonably require to process the withdrawal prior to the applicable Purchase Date). Partial withdrawals of Accounts are not permitted.
- (e) *Discontinuance of Contributions During an Offering Period.* A Participant may discontinue his or her Contributions at any time during an Offering Period by completing and filing with the Corporation, on such terms as the Committee (or its delegate) may prescribe, a new Subscription Agreement which indicates such election. If a Participant elects to discontinue his or her Contributions pursuant to this Section 7(e), the Contributions previously credited to the Participant's Account for that Offering Period shall be used to exercise the Participant's Option as of the applicable Purchase Date in accordance with Section 9 (unless the Participant makes a timely withdrawal election in accordance with Section 7(d), in which case such Participant's Account shall be paid to him or her in cash in accordance with Section 11(a)).
- (f) *Leaves of Absence.* During leaves of absence approved by the Corporation or a Participating Subsidiary and meeting the requirements of Regulation Section 1.421-1(h)(2) under the Code, a Participant may continue participation in this Plan by cash payments to the Corporation on his normal paydays equal to the reduction in his Plan Contributions caused by his leave.

8. GRANT OF OPTION

- (a) *Grant Date; Number of Shares.* On each Grant Date, each Eligible Employee who is a Participant during that Offering Period shall be granted an Option to purchase a number of Ordinary Shares. The Option shall be exercised on the Purchase Date for that Offering Period. The number of Ordinary Shares to be purchased upon exercise of the Option on the Purchase Date shall be determined by dividing the Participant's Account balance as of that Purchase Date by the Option Price, subject to the limits of Section 8(c).
- (b) *Option Price.* The Option Price per share of the shares subject to an Option for an Offering Period shall be the lesser of: (i) 85% of the Fair Market Value of a Share on the Grant Date of the Offering Period; or (ii) 85% of the Fair Market Value of a Share on the Purchase Date of that Offering Period; provided, however, that the Committee may provide prior to the start of any Offering Period that the Option Price for that Offering Period shall be determined by applying a discount amount (not to exceed 15%) to either (1) the Fair Market Value of an Ordinary Share on the Grant Date of the Offering Period, or (2) the Fair Market Value of an Ordinary Share on the Purchase Date of that Offering Period, or (3) the lesser of the Fair Market Value of an Ordinary Share on the Grant Date of the Offering Period or the Fair Market Value of an Ordinary Share on the Purchase Date of that Offering Period. Notwithstanding anything to the contrary in the preceding provisions of this Section 8(b), in no event shall the Option Price per share be less than the par value of an Ordinary Share.

(c) *Limits on Share Purchases.* Notwithstanding anything else contained herein, the maximum number of shares subject to an Option for an Offering Period shall be subject to the Individual Limit in effect on the Grant Date of that Offering Period (subject to adjustment pursuant to Section 17) and any person who is otherwise an Eligible Employee shall not be granted any Option (or any Option granted shall be subject to compliance with the following limitations) or other right to purchase shares under this Plan to the extent:

- (1) it would, if exercised, cause the person to own stock (within the meaning of Section 423(b)(3) of the Code) possessing 5% or more of the total combined voting power or value of all classes of stock of the Corporation, or of any Parent, or of any Subsidiary; or
- (2) such Option causes such individual to have rights to purchase stock under this Plan and any other plan of the Corporation, any Parent, or any Subsidiary which is qualified under Section 423 of the Code which accrue at a rate which exceeds \$25,000 of the fair market value of the stock of the Corporation, of any Parent, or of any Subsidiary (determined at the time the right to purchase such stock is granted, before giving effect to any discounted purchase price under any such plan) for each calendar year in which such right is outstanding at any time.

For purposes of the foregoing, a right to purchase stock accrues when it first become exercisable during the calendar year. In determining whether the stock ownership of an Eligible Employee equals or exceeds the 5% limit set forth above, the rules of Section 424(d) of the Code (relating to attribution of stock ownership) shall apply, and stock which the Eligible Employee may purchase under outstanding options shall be treated as stock owned by the Eligible Employee.

9. EXERCISE OF OPTION

- (a) *Purchase of Shares.* Unless a Participant withdraws pursuant to Section 7(d) or the Participant's Plan participation is terminated as provided in Section 11, his or her Option for the purchase of shares shall be exercised automatically on the Purchase Date for that Offering Period, without any further action on the Participant's part, and the maximum number of whole Ordinary Shares subject to such Option (subject to the limits of Section 8(c)) shall be purchased at the Option Price with the balance of such Participant's Account.
- (b) *Account Balance Remaining After Purchase.* If any amount which is not sufficient to purchase a whole share remains in a Participant's Account after the exercise of his or her Option on the Purchase Date: (1) such amount shall be credited to such Participant's Account for the next Offering Period, if he or she is then a Participant; or (2) if such Participant is not a Participant in the next Offering Period, or if the Committee so elects, such amount shall be refunded to such Participant as soon as administratively practicable after such date. If the share limit of Section 4(a) is reached, any amount that remains in a Participant's Account after the exercise of his or her Option on the Purchase Date to purchase the number of shares that he or she is allocated shall be refunded to the Participant as soon as administratively practicable after such date. If any amount which exceeds the limits of Section 8(c) remains in a Participant's Account after the exercise of his or her Option on the Purchase Date, such amount shall be refunded to the Participant as soon as administratively practicable after such date. The Participant's Account shall be reduced on a dollar-for-dollar basis by any amount used to purchase shares hereunder or any amount refunded to the Participant.

10. DELIVERY OF SHARES

As soon as administratively practicable after the Purchase Date, the Corporation shall, in its discretion, either deliver to each Participant a certificate representing the Ordinary Shares purchased upon exercise of his or her Option, provide for the crediting of such shares in book entry form in the name of the Participant,

or provide for an alternative arrangement for the delivery of such shares to a broker or recordkeeping service for the benefit of the Participant. In the event the Corporation is required to obtain from any commission or agency authority to issue any such certificate or otherwise deliver such shares, the Corporation will seek to obtain such authority. If the Corporation is unable to obtain from any such commission or agency authority which counsel for the Corporation deems necessary for the lawful issuance of any such certificate or other delivery of such shares, or if for any other reason the Corporation cannot issue or deliver Ordinary Shares and satisfy Section 21, the Corporation shall be relieved from liability to any Participant except that the Corporation shall return to each Participant to whom such shares cannot be issued or delivered the amount of the balance credited to his or her Account that would have otherwise been used for the purchase of such shares.

11. TERMINATION OF EMPLOYMENT; CHANGE IN ELIGIBLE STATUS

- (a) *General.* Except as provided in Section 11(b) below, if a Participant ceases to be an Eligible Employee for any reason (including, without limitation, due to the Participant's death, disability, resignation or retirement, or due to a layoff or other termination of employment with or without cause), or if the Participant elects to withdraw from the Plan pursuant to Section 7(d), at any time prior to the last day of an Offering Period in which he or she participates, such Participant's Account shall be paid to him or her (or, in the event of the Participant's death, to the person or persons entitled thereto under Section 13) in cash, and such Participant's Option and participation in the Plan shall automatically terminate as of the time that the Participant ceased to be an Eligible Employee.
- (b) *Change in Eligible Status; Leave.* If a Participant (1) ceases to be an Eligible Employee during an Offering Period but remains an employee of the Corporation or a Subsidiary through the Purchase Date for that Offering Period (for example, and without limitation, due to a change in the Participant's employer from the Corporation or a Participating Subsidiary to a non-Participating Subsidiary, if the Participant's employer ceases to maintain the Plan as a Participating Subsidiary but otherwise continues as a Subsidiary, or if the Participant's customary level of employment no longer satisfies the requirements set forth in the definition of Eligible Employee), or (2) during an Offering Period commences a sick leave, military leave, or other leave of absence approved by the Corporation or a Participating Subsidiary, and the leave meets the requirements of Treasury Regulation Section 1.421-1(h)(2) and the Participant is an employee of the Corporation or a Subsidiary or on such leave as of the applicable Purchase Date, such Participant's Contributions shall cease (subject to Section 7(d) and Section 7(f)), and the Contributions previously credited to the Participant's Account for that Offering Period shall be used to exercise the Participant's Option as of the applicable Purchase Date in accordance with Section 9 (unless the Participant makes a timely withdrawal election in accordance with Section 7(d), in which case such Participant's Account shall be paid to him or her in cash in accordance with Section 11(a)).
- (c) *Re-Enrollment.* A Participant's termination from Plan participation precludes the Participant from again participating in this Plan during that Offering Period. However, such termination shall not have any effect upon his or her ability to participate in any succeeding Offering Period, provided that the applicable eligibility and participation requirements are again then met. A Participant's termination from Plan participation shall be deemed to be a revocation of that Participant's Subscription Agreement and such Participant must file a new Subscription Agreement to resume Plan participation in any succeeding Offering Period.
- (d) *Change in Subsidiary Status.* For purposes of this Plan, if a Subsidiary ceases to be a Subsidiary, each person employed by that Subsidiary will be deemed to have terminated employment for purposes of this Plan, unless the person continues as an employee of the Corporation or another Subsidiary.

12. ADMINISTRATION

- (a) *The Committee.* The Board shall appoint the Committee, which shall be composed of not less than two members of the Board. The Board may, at any time, increase or decrease the number of members of the Committee, may remove from membership on the Committee all or any portion of its members, and may appoint such person or persons as it desires to fill any vacancy existing on the Committee, whether caused by removal, resignation, or otherwise. The Board may also, at any time, assume the administration of all or a part of this Plan, in which case references (or relevant references in the event the Board assumes the administration of only certain aspects of this Plan) to the "Committee" shall be deemed to be references to the Board. Action of the Committee with respect to this Plan shall be taken pursuant to a majority vote or by the unanimous written consent of its members. No member of the Committee shall be entitled to act on or decide any matter relating solely to himself or herself or solely to any of his or her rights or benefits under this Plan.
- (b) *Powers and Duties of the Committee.* Subject to the express provisions of this Plan, the Committee shall supervise and administer this Plan and shall have the full authority and discretion: (1) to construe and interpret this Plan and any agreements defining the rights and obligations of the Corporation, any Subsidiary, and Participants under this Plan; (2) to further define the terms used in this Plan; (3) to prescribe, amend and rescind rules and regulations relating to the administration of this Plan (including, without limitation, deadlines for making elections or for providing any notices contemplated by this Plan, which deadlines may be more restrictive than any deadlines otherwise contemplated by this Plan); and (4) to make all other determinations and take such other action as contemplated by this Plan or as may be necessary or advisable for the administration of this Plan or the effectuation of its purposes. Notwithstanding anything else contained in this Plan to the contrary, the Committee may also adopt rules, procedures, separate offerings or sub-plans applicable to particular Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code and need not comply with the otherwise applicable provisions of this Plan.
- (c) *Decisions of the Committee are Binding.* Any action taken by, or inaction of, the Corporation, any Subsidiary, the Board or the Committee relating or pursuant to this Plan and within its authority hereunder or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons.
- (d) *Indemnification.* Neither the Board nor any Committee, nor any member thereof or person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan, and all such persons shall be entitled to indemnification and reimbursement by the Corporation in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.
- (e) *Reliance on Experts.* In making any determination or in taking or not taking any action under this Plan, the Committee or the Board, as the case may be, may obtain and may rely upon the advice of experts, including professional advisors to the Corporation. No director, officer or agent of the Corporation or any Participating Subsidiary shall be liable for any such action or determination taken or made or omitted in good faith.
- (f) *Delegation.* The Committee may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Corporation or a Subsidiary.

13. DESIGNATION OF BENEFICIARY

If the Committee permits beneficiary designations with respect to this Plan, then each Participant may file, on a form and in a manner prescribed by the Committee (or its delegate), a written designation of a beneficiary who is to receive any shares or cash from or with respect to such Participant's Account under this Plan in the event of such Participant's death. If a Participant is married and the designated beneficiary is not solely his or her spouse, spousal consent shall be required for such designation to be effective unless it is established (to the satisfaction of the Committee or its delegate) that there is no spouse or that the spouse cannot be located. The Committee may rely on the last designation of a beneficiary filed by a Participant in accordance with this Plan. Beneficiary designations may be changed by the Participant (and his or her spouse, if required) at any time on forms provided and in the manner prescribed by the Committee (or its delegate).

If a Participant dies with no validly designated beneficiary under this Plan who is living at the time of such Participant's death (or in the event the Committee does not permit beneficiary designations under this Plan), the Corporation shall deliver all shares and/or cash payable pursuant to the terms hereof to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed, the Corporation, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Corporation, then to such other person as the Corporation may designate.

If a Participant's death occurs before the end of an Offering Period or subsequent to the end of an Offering Period but prior to the delivery to him or her or for his or her benefit of any shares deliverable under the terms of this Plan, and the Corporation has notice of the Participant's death, then any shares purchased for that Offering Period and any remaining balance of such Participant's Account shall be paid to such beneficiary (or such other person entitled to such payment pursuant to this Section 13). If the Committee permits beneficiary designations with respect to this Plan, any such designation shall have no effect with respect to shares purchased and actually delivered (or credited, as the case may be) to or for the benefit of the Participant.

14. TRANSFERABILITY

Neither Contributions credited to a Participant's Account nor any Options or rights with respect to the exercise of Options or right to receive shares under this Plan may be anticipated, alienated, encumbered, assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution, or as provided in Section 13) by the Participant. Any such attempt at anticipation, alienation, encumbrance, assignment, transfer, pledge or other disposition shall be without effect and all amounts shall be paid and all shares shall be delivered in accordance with the provisions of this Plan. Amounts payable or shares deliverable pursuant to this Plan shall be paid or delivered only to (or credited in the name of, as the case may be) the Participant or, in the event of the Participant's death, the Participant's beneficiary pursuant to Section 13.

15. USE OF FUNDS; INTEREST

All Contributions received or held by the Corporation under this Plan will be included in the general assets of the Corporation and may be used for any corporate purpose. Notwithstanding anything else contained herein to the contrary, no interest will be paid to any Participant or credited to his or her Account under this Plan (in respect of Account balances, refunds of Account balances, or otherwise). Amounts payable under this Plan shall be payable in Ordinary Shares or from the general assets of the Corporation and, except for any shares that may be reserved on the books of the Corporation for issuance with respect to this Plan, no special or separate reserve, fund or deposit shall be made to assure payment of amounts that may be due with respect to this Plan.

16. REPORTS

Statements shall be provided (either electronically or in written form, as the Committee may provide from time to time) to Participants as soon as administratively practicable following each Purchase Date. Each Participant's statement shall set forth, as of such Purchase Date, that Participant's Account balance immediately prior to the exercise of his or her Option, the Option Price, the number of whole shares purchased and his or her remaining Account balance, if any.

17. ADJUSTMENTS OF AND CHANGES IN THE STOCK

Upon or in contemplation of any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend), or reverse stock split; any merger, combination, consolidation, or other reorganization; split-up, spin-off, or any similar extraordinary dividend distribution in respect of the Ordinary Shares (whether in the form of securities or property); any exchange of Ordinary Shares or other securities of the Corporation, or any similar, unusual or extraordinary corporate transaction in respect of the Ordinary Shares; or a sale of substantially all the assets of the Corporation as an entirety occurs; then the Committee shall equitably and proportionately adjust (1) the number and type of shares or the number and type of other securities that thereafter may be made the subject of Options (including the specific maxima and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of shares (or other securities or property) subject to any or all outstanding Options, (3) the Option Price of any or all outstanding Options, and/or (4) the securities, cash or other property deliverable upon exercise of any outstanding Options, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding Options.

Upon the occurrence of any event described in the preceding paragraph, or any other event in which the Corporation does not survive (or does not survive as a public company in respect of its Ordinary Shares); then the Committee may make provision for a cash payment or for the substitution or exchange of any or all outstanding Options for cash, securities or property to be delivered to the holders of any or all outstanding Options based upon the distribution or consideration payable to holders of the Ordinary Shares upon or in respect of such event.

The Committee may adopt such valuation methodologies for outstanding Options as it deems reasonable in the event of a cash or property settlement and, without limitation on other methodologies, may base such settlement solely upon the excess (if any) of the amount payable upon or in respect of such event over the Option Price of the Option.

In any of such events, the Committee may take such action sufficiently prior to such event to the extent that the Committee deems the action necessary to permit the Participant to realize the benefits intended to be conveyed with respect to the underlying shares in the same manner as is or will be available to stockholders generally.

18. POSSIBLE EARLY TERMINATION OF PLAN AND OPTIONS

Upon a dissolution or liquidation of the Corporation, or any other event described in Section 17 that the Corporation does not survive or does not survive as a publicly-traded company in respect of its Ordinary Shares, as the case may be, and the Committee does not make provision for a cash payment or for the substitution or exchange of outstanding Options in accordance with Section 17, then any Offering Period then in progress shall be shortened and a new Purchase Date shall be established by the Committee (the "**New Purchase Date**"), as of which date the Plan and any Offering Period then in progress will terminate. The New Purchase Date shall be on or before the date of the consummation of the transaction and the Committee shall notify each Participant in writing at least ten (10) days prior to the New Purchase Date that the Purchase Date for his or her outstanding Option has been changed to the New Purchase Date and that his or her Option will be exercised automatically on the New Purchase Date, unless prior to such date he or she has withdrawn from the Offering Period in accordance with Section 7(d). The Option Price on the New

Purchase Date shall be determined as provided in Section 8(b), and, if applicable, the New Purchase Date shall be treated as the “Purchase Date” for purposes of determining such Option Price.

19. TERM OF PLAN; AMENDMENT OR TERMINATION

- (a) *Effective Date; Termination.* Subject to Section 19(b), this Plan shall become effective as of the Effective Date. No new Offering Periods shall commence on or after the tenth (10th) anniversary of the Effective Date, and this Plan shall terminate as of the Purchase Date on or immediately following such date unless sooner terminated pursuant to Section 18 or this Section 19. In the event that during a particular Offering Period all of the Ordinary Shares made available under this Plan are subscribed prior to the expiration of this Plan, this Plan and all outstanding Options hereunder shall terminate at the end of that Offering Period and the shares available shall be allocated for purchase by Participants in that Offering Period on a pro-rata basis determined with respect to Participants’ Account balances.
- (b) *Board Amendment Authority.* The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part and without notice. Stockholder approval for any amendment or modification shall not be required, except to the extent required by law or applicable stock exchange rules, or required under Section 423 of the Code in order to preserve the intended tax consequences of this Plan. No Options may be granted during any suspension of this Plan or after the termination of this Plan, but the Committee will retain jurisdiction as to Options then outstanding in accordance with the terms of this Plan. No amendment, modification, or termination pursuant to this Section 19(b) shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of such Participant or obligations of the Corporation under any Option granted under this Plan prior to the effective date of such change. Changes contemplated by Section 17 or Section 18 shall not be deemed to constitute changes or amendments requiring Participant consent.
- (c) *Certain Additional Committee Authority.* Notwithstanding the amendment provisions of Section 19(b) and without limiting the Board’s authority thereunder and without limiting the Committee’s authority pursuant to any other provision of this Plan, the Committee shall have the right (1) to designate from time to time the Subsidiaries whose employees may be eligible to participate in this Plan (including, without limitation, any Subsidiary that may first become such after the date stockholders first approve this Plan) (each a “**Participating Subsidiary**”), and (2) to change the service and other qualification requirements set forth under the definition of Eligible Employee in Section 2 (subject to the requirements of Section 423(b) of the Code and applicable rules and regulations thereunder). Any such change shall not take effect earlier than the first Offering Period that starts on or after the effective date of such change. Any such change shall not require stockholder approval.

20. NOTICES

All notices or other communications by a Participant to the Corporation contemplated by this Plan shall be deemed to have been duly given when received in the form and manner specified by the Committee (or its delegate) at the location, or by the person, designated by the Committee (or its delegate) for that purpose.

21. CONDITIONS UPON ISSUANCE OF SHARES

This Plan, the granting of Options under this Plan and the offer, issuance and delivery of Ordinary Shares are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities laws) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Corporation, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Corporation and as a condition precedent to the exercise of his or her Option, provide such assurances and representations to

the Corporation as the Committee may deem necessary or desirable to assure compliance with all applicable legal requirements.

22. PLAN CONSTRUCTION

- (a) *Section 16.* It is the intent of the Corporation that transactions involving Options under this Plan (other than “Discretionary Transactions” as that term is defined in Rule 16b-3(b)(1) promulgated by the Commission under Section 16 of the Exchange Act, to the extent there are any Discretionary Transactions under this Plan), in the case of Participants who are or may be subject to the prohibitions of Section 16 of the Exchange Act, satisfy the requirements for exemption under Rule 16b-3(c) promulgated by the Commission under Section 16 of the Exchange Act to the maximum extent possible. Notwithstanding the foregoing, the Corporation shall have no liability to any Participant for Section 16 consequences of Options or other events with respect to this Plan.
- (b) *Section 423.* Except as the Committee may expressly provide in the case of one or more sub-plans adopted pursuant to Section 12(b), this Plan and Options are intended to qualify under Section 423 of the Code. Accordingly, all Participants are to have the same rights and privileges (within the meaning of Section 423(b)(5) of the Code and except as not required thereunder to qualify this Plan under Section 423) under this Plan, subject to differences in Compensation among Participants and subject to the Contribution and share limits of this Plan.
- (c) *Interpretation.* If any provision of this Plan or of any Option would otherwise frustrate or conflict with the intents expressed above, that provision to the extent possible shall be interpreted so as to avoid such conflict. If the conflict remains irreconcilable, the Committee may disregard the provision if it concludes that to do so furthers the interest of the Corporation and is consistent with the purposes of this Plan as to such persons in the circumstances.

23. EMPLOYEES’ RIGHTS

- (a) *No Employment Rights.* Nothing in this Plan (or in any Subscription Agreement or other document related to this Plan) will confer upon any Eligible Employee or Participant any right to continue in the employ or other service of the Corporation or any Subsidiary, constitute any contract or agreement of employment or other service or effect an employee’s status as an employee at will, nor shall interfere in any way with the right of the Corporation or any Subsidiary to change such person’s compensation or other benefits or to terminate his or her employment or other service, with or without cause. Nothing contained in this Section 23(a), however, is intended to adversely affect any express independent right of any such person under a separate employment or service contract other than a Subscription Agreement.
- (b) *No Rights to Assets of the Company.* No Participant or other person will have any right, title or interest in any fund or in any specific asset (including Ordinary Shares) of the Corporation or any Subsidiary by reason of any Option hereunder. Neither the provisions of this Plan (or of any Subscription Agreement or other document related to this Plan), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Corporation or any Subsidiary and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment pursuant to this Plan, such right will be no greater than the right of any unsecured general creditor of the Corporation.
- (c) *No Stockholder Rights.* A Participant will not be entitled to any privilege of stock ownership as to any Ordinary Shares not actually delivered to and held of record by the Participant. No adjustment will be made for dividends or other rights as a stockholder for which a record date is prior to such date of delivery.

24. MISCELLANEOUS

- (a) *Governing Law.* This Plan, the Options, Subscription Agreements and other documents related to this Plan shall be governed by, and construed in accordance with, the laws of Bermuda.
- (b) *Severability.* If any provision shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of this Plan shall continue in effect.
- (c) *Captions and Headings.* Captions and headings are given to the sections of this Plan solely as a convenience to facilitate reference. Such captions and headings shall not be deemed in any way material or relevant to the construction of interpretation of this Plan or any provision hereof.
- (d) *No Effect on Other Plans or Corporate Authority.* The adoption of this Plan shall not affect any other Corporation or Subsidiary compensation or incentive plans in effect. Nothing in this Plan will limit or be deemed to limit the authority of the Board or Committee (1) to establish any other forms of incentives or compensation for employees of the Corporation or any Subsidiary (with or without reference to the Ordinary Shares), or (2) to grant or assume options (outside the scope of and in addition to those contemplated by this Plan) in connection with any proper corporate purpose; to the extent consistent with any other plan or authority. Benefits received by a Participant under an Option granted pursuant to this Plan shall not be deemed a part of the Participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Corporation or any Subsidiary, except where the Committee or the Board (or the Board of Directors of the Subsidiary that sponsors such plan or arrangement, as applicable) expressly otherwise provides or authorizes in writing.

25. TAX WITHHOLDING

Notwithstanding anything else contained in this Plan herein to the contrary, the Corporation may deduct from a Participant's Account balance as of a Purchase Date, before the exercise of the Participant's Option is given effect on such date, the amount of taxes (if any) which the Corporation reasonably determines it or any Subsidiary may be required to withhold with respect to such exercise. In such event, the maximum number of whole shares subject to such Option (subject to the other limits set forth in this Plan) shall be purchased at the Option Price with the balance of the Participant's Account (after reduction for the tax withholding amount).

Should the Corporation for any reason be unable, or elect not to, satisfy its or any Subsidiary's tax withholding obligations in the manner described in the preceding paragraph with respect to a Participant's exercise of an Option, or should the Corporation or any Subsidiary reasonably determine that it or an affiliated entity has a tax withholding obligation with respect to a disposition of shares acquired pursuant to the exercise of an Option prior to satisfaction of the holding period requirements of Section 423 of the Code, the Corporation or Subsidiary, as the case may be, shall have the right at its option to (1) require the Participant to pay or provide for payment of the amount of any taxes which the Corporation or Subsidiary reasonably determines that it or any affiliate is required to withhold with respect to such event or (2) deduct from any amount otherwise payable to or for the account of the Participant the amount of any taxes which the Corporation or Subsidiary reasonably determines that it or any affiliate is required to withhold with respect to such event.

26. NOTICE OF SALE

Any person who has acquired shares under this Plan shall give prompt written notice to the Corporation of any sale or other transfer of the shares if such sale or transfer occurs (1) within the two-year period after the Grant Date of the Offering Period with respect to which such shares were acquired, or (2) within the twelve-month period after the Purchase Date of the Offering Period with respect to which such shares were acquired.

CERTIFICATION

I, Kevin M. Sheehan, 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; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kevin M. Sheehan

Name: Kevin M. Sheehan

Title: President and Chief Executive Officer

Dated: July 31, 2014

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; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/Wendy A. Beck

Name: Wendy A. Beck

Title: Executive Vice President and Chief Financial Officer

Dated: July 31, 2014

**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 Kevin M. Sheehan, 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 June 30, 2014 (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: July 31, 2014

By: /s/ Kevin M. Sheehan
Name: Kevin M. Sheehan
Title: President and Chief Executive Officer

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