Norwegian Cruise Line Holdings Ltd.
Form DEFM14C
October 16, 2014
TABLE OF CONTENTS
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14C
(Rule 14c-101)
Information Statement Pursuant to Section 14(c)
of the Securities Exchange Act of 1934
Check the appropriate box:

- Preliminary information statement

- Confidential, for use of the Commission only (as permitted by Rule 14c-5(d)(2))

- Definitive information statement

NORWEGIAN CRUISE LINE HOLDINGS LTD.

(Name of Registrant as Specified in Its Charter)
Payment of Filing Fee (Check the appropriate box):

- No fee required.

- Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1)

- Title of each class of securities to which transaction applies:

(2)

- Aggregate number of securities to which transaction applies:

(3)

- Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4)

- Proposed maximum aggregate value of transaction:

(5)

- Total fee paid:

- Fee paid previously with preliminary materials.

- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)

- Amount Previously Paid:

(2)

- Form, Schedule or Registration Statement No.:

(3)

- Filing Party:

(4)

- Date Filed:

TABLE OF CONTENTS

NOTICE OF ACTION TAKEN PURSUANT TO
WRITTEN CONSENT OF SHAREHOLDERS
NORWEGIAN CRUISE LINE HOLDINGS LTD.
7665 Corporate Center Drive
Miami, Florida 33126
(305) 436-4000

DATE FIRST MAILED TO SHAREHOLDERS: OCTOBER 16, 2014

WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY.

To the shareholders of Norwegian Cruise Line Holdings Ltd.:

This Notice and the accompanying Information Statement are being furnished to the shareholders of Norwegian Cruise Line Holdings Ltd., an exempted company incorporated in Bermuda ("we," "us," "our," or the "Company"), to advise the shareholders of the anticipated issuance of 20,296,880 ordinary shares of the Company to certain securityholders of Prestige Cruises International, Inc., a corporation organized under the laws of the Republic of Panama ("Prestige"), pursuant to an Agreement and Plan of Merger. The Agreement and Plan of Merger and the transactions contemplated thereby, including the issuance of such ordinary shares, was negotiated, considered and approved by a transaction committee consisting entirely of disinterested members of our board of directors. The issuance of ordinary shares to certain securityholders of Prestige in connection with the acquisition of 100% of the equity interests of Prestige has also been approved by the written consent of the holders of a majority of our issued and outstanding ordinary shares.

We urge you to read the entire Information Statement included with this Notice carefully for a more complete description of these matters.

Pursuant to Rule 14c-2 under the Securities Exchange Act of 1934, as amended, the issuance of ordinary shares described above can be made no sooner than 20 calendar days after the definitive form of the accompanying Information Statement is first mailed to the Company's shareholders. Since the definitive form of the accompanying Information Statement is first being mailed to our shareholders on October 16, 2014, the issuance of ordinary shares described therein may be taken on or after November 5, 2014.

As the matters set forth in this Notice and accompanying Information Statement have been duly authorized and approved by the written consent of the holders of a majority of the voting power of the Company's issued and outstanding voting securities, your vote or consent is not requested or required to approve these matters. The accompanying Information Statement is provided solely for your information and we are not, by sending this Information Statement, asking any of our shareholders to vote.

By order of the Transaction Committee of the Board of Directors,

/s/ Kevin M. Sheehan
Kevin M. Sheehan
President and Chief Executive Officer

Miami, Florida
October 16, 2014

Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the acquisition, passed upon the merits or fairness of the acquisition or passed upon the adequacy or accuracy of the disclosures in this notice or the accompanying Information Statement. Any representation to the contrary is a criminal offense.

TABLE OF CONTENTS
TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

NORWEGIAN CRUISE LINE HOLDINGS LTD.
7665 Corporate Center Drive
Miami, Florida 33126
(305) 436-4000

INFORMATION STATEMENT

We Are Not Asking You for a Proxy and
You are Requested Not To Send Us a Proxy.

ABOUT THIS INFORMATION STATEMENT

This Information Statement is being furnished by Norwegian Cruise Line Holdings Ltd., an exempted company incorporated in Bermuda ("we," "us," "our," "Norwegian" or the "Company"), to advise our shareholders of the approval, pursuant to NASDAQ Stock Market Listing Rule 5635(a)(2), of our anticipated issuance of 20,296,880 Company Ordinary Shares (as defined below) (the "Stock Consideration") pursuant to the Agreement and Plan of Merger, dated September 2, 2014, by and among Norwegian, Portland Merger Sub, Inc., a corporation organized under the laws of the Republic of Panama and a wholly owned, indirect subsidiary of Norwegian ("Merger Sub"), Prestige Cruises International, Inc., a corporation organized under the laws of the Republic of Panama ("Prestige"), and Apollo Management, L.P., a Delaware limited partnership, as the stockholders' representative (the "Stockholders' Representative") (as may be amended from time to time, the "Merger Agreement"). The Merger Agreement and the transactions contemplated thereby (the "Prestige Acquisition"), including the issuance of the Stock Consideration pursuant to the terms of the Merger Agreement (the "Share Issuance"), were approved on September 2, 2014 by a transaction committee consisting solely of members of the board of directors of the Company (the "Board") who are disinterested with respect to any transaction involving Prestige (the "Transaction Committee"). The Share Issuance was also approved on September 2, 2014 by the written consent of the holders of a majority of the Company Ordinary Shares, attached as Annex D to this Information Statement.

This Information Statement is first being mailed on or about October 16, 2014 to shareholders of record of the Company as of August 26, 2014, the record date established for the Written Consent (as defined herein) (the "Record Date"), and is being delivered to inform you of the corporate actions described herein before they take effect in accordance with Rule 14c-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). You are urged to review this Information Statement for a more complete description of transactions contemplated pursuant to the Merger Agreement.

The Share Issuance approved by the Written Consent will not be made prior to November 5, 2014, which is twenty (20) calendar days following the date on which the definitive form of this Information Statement is first mailed to our shareholders.

Our principal executive offices are located at 7665 Corporate Center Drive, Miami, Florida 33126, and our main telephone number is (305) 436-4000.

TABLE OF CONTENTS

SUMMARY

The following is a brief summary of certain information contained elsewhere in this Information Statement, including the Annexes to this Information Statement. Reference is made to, and this summary is qualified in its entirety by, the more detailed information contained in this Information Statement, in the Annexes to this Information Statement and in the documents incorporated by reference herein. Capitalized terms used in this summary and not defined herein have the meanings assigned to them elsewhere in this Information Statement. You are urged to read this Information Statement and the Annexes to this Information Statement and the incorporated documents in their entirety.

General

This Information Statement is being delivered in connection with the approval of the Share Issuance, which is a condition of the closing of the Prestige Acquisition (the "Closing"). A copy of the Merger Agreement is attached to this Information Statement as Annex A. See "General."

Summary of the Parties (page 13)

Our Company. The Company is a Bermuda limited company formed as a holding company in 2011, which owns 100% of the ordinary shares of NCL Corporation Ltd., a Bermuda limited company formed in 2003 ("NCLC"), with predecessors dating from 1966. We are a leading global cruise line operator, offering cruise experiences for travelers with a wide variety of itineraries in North America (including Alaska and Hawaii), the Mediterranean, the Baltic, Central America, Bermuda and the Caribbean. See "The Prestige Acquisition — The Parties."

Merger Sub. Merger Sub is a corporation organized under the laws of the Republic of Panama and a wholly owned, indirect subsidiary of the Company and a wholly owned subsidiary of NCLC. Merger Sub was formed on August 18, 2014 solely for the purpose of effecting the transactions contemplated by the Merger Agreement. See "The Prestige Acquisition — The Parties."

Apollo Global Management, LLC and its subsidiaries. Apollo Global Management, LLC, founded in 1990, is a leading global alternative investment manager with offices in New York, Los Angeles, Houston, Toronto, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. As of June 30, 2014, Apollo had assets under management of over $167.5 billion invested in its private equity, credit and real estate businesses. See "The Prestige Acquisition — The Parties."

Genting Hong Kong Limited and STAR NCLC Holdings Ltd. Genting (as defined herein) was founded in 1993 and through its subsidiary, Star Cruises Asia Holding Ltd., operates a leading cruise line in the Asia-Pacific region. Its headquarters are located in Hong Kong and it is represented in more than 20 locations worldwide, with offices and representatives in Asia, Australia, Europe and the U.S. See "The Prestige Acquisition — The Parties."

TPG Global and its affiliates. TPG Global, LLC is a leading global private investment firm founded in 1992 with $66 billion of assets under management as of June 30, 2014 and with offices in Austin, Beijing, Dallas, Fort Worth, Hong Kong, Houston, London, Luxembourg, Melbourne, Moscow, Mumbai, New York, San Francisco, São Paulo, Shanghai, Singapore, Tokyo and Toronto. See "The Prestige Acquisition — The Parties."

Prestige. Prestige is a corporation organized under the laws of the Republic of Panama. Prestige is a global cruise line operator in the upscale cruise segment. Prestige operates two upscale cruise brands, Oceania Cruises and Regent Seven Seas Cruises, which operate in over 300 ports around the globe. Prestige's principal executive offices are located at 8300 NW 33rd Street, Suite 100, Miami, Florida 33122. See "The Prestige Acquisition — The Parties."

Summary of the Prestige Acquisition (page 14)

The Prestige Acquisition Consideration. At the Closing, all (i) issued and outstanding shares of common stock of Prestige, par value $0.01 per share ("Prestige Common Stock") (other than shares that are owned by Prestige as treasury stock), (ii) issued and outstanding shares of Class B common stock of Prestige, par value $0.01 per share (other than shares that are owned by Prestige as treasury stock) and

TABLE OF CONTENTS
(iii) outstanding, eligible options to purchase Prestige Common Stock ("Prestige Options"), will be cancelled and automatically converted into the right to receive, in the aggregate, an amount of cash equal to $1,108,798,350 and the Stock Consideration (valued on the date of execution of the Merger Agreement at approximately $670,000,000 based on the volume weighted average trading price of the Company Ordinary Shares for the twenty trading days preceding August 29, 2014 of $33.01 per share), and in the case of each share of Prestige Common Stock and each Prestige Option, a pro rata portion of a contingent payment, if any, of up to $50,000,000 in cash subject to the achievement of certain milestones set forth in the Merger Agreement. See "The Prestige Acquisition — The Prestige Acquisition Consideration."

Background of the Prestige Acquisition. For a description of events leading to the approval of the Merger Agreement by the Transaction Committee, see "The Prestige Acquisition — Background of the Prestige Acquisition."

Transaction Committee Approval. After discussion, including review and consideration of the factors described under "The Prestige Acquisition — Recommendation and Reasons for the Prestige Acquisition", the Transaction Committee unanimously determined that the transactions contemplated by the Merger Agreement, including the merger, the Share Issuance and the financing related to the merger (collectively, the "Merger Transactions") were in the best interests of the Company and the Company's shareholders. The Transaction Committee unanimously approved the Merger Agreement and the Merger Transactions and recommended that the Company's shareholders approve the Share Issuance, as described under "The Prestige Acquisition — Background of the Prestige Acquisition."

Recommendation and Reasons for the Prestige Acquisition. After considering the various factors (see "The Prestige Acquisition — Recommendation and Reasons for the Prestige Acquisition"), the Transaction Committee concluded that the positive factors relating to the Merger Agreement and the Prestige Acquisition, including the merger, substantially outweighed the potential negative factors. The Transaction Committee collectively reached the conclusion to approve the Merger Agreement and the Prestige Acquisition, including the merger, in light of the various factors described in "The Prestige Acquisition — Recommendation and Reasons for the Prestige Acquisition" and other factors that the members of the Transaction Committee believed were appropriate. In view of the wide variety of factors considered by the Transaction Committee in connection with its evaluation of the Merger Agreement and the Prestige Acquisition, including the merger, and the complexity of these matters, the Transaction Committee did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision, and it did not undertake to make any specific determination as to whether any factor, or any particular aspect of any factor, supported or did not support its ultimate determination. Rather, the Transaction Committee made its recommendation based on the totality of information it received and the investigation it conducted. See "The Prestige Acquisition — Recommendation and Reasons for the Prestige Acquisition."

Action by Written Consent. On September 2, 2014, the beneficial owners of approximately 55.9% of the issued and outstanding Company Ordinary Shares as of the Record Date executed the Written Consent in lieu of a meeting to approve the Share Issuance to certain securityholders of Prestige as a portion of the consideration to be paid by the Company to Prestige's securityholders in connection with the Prestige Acquisition in order to comply with the requirements of NASDAQ Stock Market Listing Rule 5635(a)(2). In addition, Genting, STAR and TPG (each as defined below), each of whose consent was required pursuant to the Company's existing amended and restated shareholders' agreement (the "Shareholders' Agreement"), have consented to the Prestige Acquisition. As a result, no further approval or consent of our shareholders is required to approve the Merger Agreement and the transactions contemplated thereby. See "General — Requirement to Obtain Shareholder Approval."

Summary of the Fairness Opinions (page 21)

Opinion of Barclays. Barclays Capital Inc. ("Barclays") delivered its opinion to the Transaction Committee that, as of September 2, 2014, and based upon and subject to the qualifications, limitations and assumptions set forth therein, the aggregate consideration, consisting of $1,108,798,350 in cash, 20,296,880 Company Ordinary Shares and a contingent payment, if any, of up to $50,000,000 in cash, to be paid by the Company pursuant to the Merger Agreement was fair, from a financial point of view, to the Company.

TABLE OF CONTENTS

The full text of Barclays' written opinion, dated as of September 2, 2014, is attached as Annex B to this Information Statement and is incorporated by reference herein. Barclays' written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. Barclays' opinion, the issuance of which was approved by Barclays' Fairness Opinion Committee, is addressed to the Transaction Committee, addresses only the fairness, from a financial point of view, of the aggregate consideration to be paid by the Company pursuant to the Merger Agreement and does not constitute a recommendation to any shareholder of the Company as to how such shareholders should act with respect to the merger or any other matter. This summary is qualified in its entirety by reference to the full text of the opinion. See "The Prestige Acquisition — Opinion of Barclays Capital Inc."

Opinion of Perella. On September 2, 2014, Perella Weinberg Partners LP ("PWP") rendered its oral opinion, subsequently confirmed in writing, as financial advisor to the Transaction Committee that, as of such date and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations set forth therein, the aggregate consideration, consisting of $1,108,798,350 in cash and 20,296,880 Company Ordinary Shares, at closing and a contingent merger consideration payment, if any, of up to $50,000,000 in cash, to be paid by Norwegian pursuant to the Merger Agreement was fair, from a financial point of view, to Norwegian.

The full text of PWP's written opinion, dated September 2, 2014, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken by PWP, is attached as Annex C to this Information Statement and is incorporated by reference herein. Holders of Company Ordinary Shares are urged to read PWP's opinion carefully and in its entirety. The opinion does not address Norwegian's underlying business decision to enter into the Merger Agreement. The opinion does not constitute a recommendation to any holder of Company Ordinary Shares as to how such holders should act with respect to the merger or any other matter and does not in any manner address the prices at which Company Ordinary Shares will trade at any time. In addition, PWP expressed no opinion as to the fairness of the merger to the holders of any class of securities, creditors or other constituencies of Norwegian. PWP provided its opinion for the information and assistance of the Transaction Committee in connection with, and for the purposes of its evaluation of, the merger. This summary is qualified in its entirety by reference to the full text of the opinion. See "The Prestige Acquisition — Opinion of Perella Weinberg Partners LP."

Summary of the Financing of the Prestige Acquisition (page 34)

Financing of the Prestige Acquisition. The Prestige Acquisition will be financed with cash on hand and, in part, proceeds from the Senior Facilities (as described herein) and the Bridge Facility (as described herein). Consummation of the Prestige Acquisition is conditioned upon our obtaining financing as contemplated therein. See "The Prestige Acquisition — Financing of the Prestige Acquisition."

Summary of the Appraisal Rights in Connection with the Prestige Acquisition (page 34)

No Appraisal Rights in Connection with the Prestige Acquisition. Securityholders of Prestige will not be entitled to exercise appraisal or dissenters rights under the laws of the Republic of Panama or the laws of Bermuda in connection with the Prestige Acquisition or the Share Issuance. See "The Prestige Acquisition — No Appraisal Rights in Connection with the Prestige Acquisition."

Summary of the Interest of Certain Persons in the Prestige Acquisition (page 35)

Agreements Among Apollo, Prestige and the Company. AAA Guarantor — Co-Invest VI (B), L.P., 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., 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. (collectively, the "Apollo Funds") currently own approximately 20.0% of the issued and outstanding Company Ordinary Shares and control the Board, and funds affiliated with Apollo also currently control Prestige, owning approximately 80% of Prestige's economics. Accordingly, in connection with the transactions described herein, funds affiliated with Apollo will receive approximately 80% of the consideration to be paid by the Company in the merger (the "Merger Consideration").

TABLE OF CONTENTS
Apollo currently is party to a Management Consulting Agreement (the "Management Consulting Agreement") with Oceania Cruises, Inc. ("Oceania"), a subsidiary of Prestige. Under the Management Consulting Agreement, Apollo is entitled to receive an annual fee of $875,000 in exchange for providing various management consulting and advisory services to Oceania and its subsidiaries. Apollo has received a final payment under the Management Consulting Agreement and the Management Consulting Agreement has been terminated effective October 1, 2014.

Executive Compensation. None of the Company's named executive officers will receive any compensatory payments or benefits that constitute "golden parachute" compensation within the meaning of Item 402(t) of Regulation S-K. The following named executive officers of Prestige will receive compensatory payments or benefits that constitute "golden parachute" compensation within the meaning of Item 402(t) of Regulation S-K, assuming for such purpose that the named executive officer's employment were terminated by the Company without "cause" or by the officer with "good reason" (or, in the case of Mr. Kamlani, due to a "constructive termination") (each a "qualifying termination") immediately following the Closing: (i) Frank J. Del Rio, Chief Executive Officer and Chairman of Prestige's board of directors; (ii) Jason M. Montague, Executive Vice President, Chief Financial Officer; (iii) Robert J. Binder, Vice Chairman and President; (iv) Kunal S. Kamlani, President and Chief Operating Officer of Prestige Cruise Holdings, Inc., a wholly owned subsidiary of Prestige; and (v) T. Robin Lindsay, Executive Vice President of Vessel Operation. See "Interest of Certain Persons in the Prestige Acquisition — Executive Compensation."

Summary of the Agreement and Plan of Merger (page 39)

Upon the consummation of the Prestige Acquisition, Prestige will become a wholly owned, indirect subsidiary of the Company. The Closing will take place on the third business day following the satisfaction or waiver of each of the closing conditions set forth in the Merger Agreement, or on such other date as may be agreed upon in writing by Prestige and us. The Merger Agreement contains customary covenants and customary representations and warranties made by Prestige, the Company and the Stockholders' Representative. The consummation of the Prestige Acquisition and the transactions contemplated thereby are subject to, among other things, the satisfaction or waiver of the certain conditions specified in the Merger Agreement. Each of the Company and Prestige has agreed to indemnify the other and certain related parties for certain losses until the date that is nine (9) months following the anniversary of the date of the Closing (the "Closing Date"), subject to certain caps and deductibles, as set forth in the Merger Agreement. The Merger Agreement may be terminated at any time before the Closing upon the occurrence of certain conditions, as set forth in the Merger Agreement. Subject to certain conditions, if the Merger Agreement is terminated under certain circumstances principally related to our failure to consummate the Prestige Acquisition due to the failure to obtain the necessary financing, the Company shall pay or cause to be paid to Prestige a termination fee of $88,900,000 in cash (the "Termination Fee"). See "The Agreement and Plan of Merger."

Summary of the Historical Condensed Consolidated Financial Data of Norwegian (page 46)

Note 12 — "Condensed Financial Information of the Registrant" to the Notes to the Consolidated Financial Statements of the Registrant contained in our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the U.S. Securities and Exchange Commission (the "SEC") on February 21, 2014, is incorporated by reference herein.

Summary of the Selected Historical Consolidated Financial Data of Prestige (page 47)

The following tables set forth a summary of Prestige's consolidated financial and operating data for the periods presented. Prestige's consolidated balance sheets as of December 31, 2013, 2012 and 2011 and the related consolidated statements of operations and of cash flows for each of the three years in the period ended December 31, 2013 have been derived from Prestige's audited financial statements included elsewhere in this Information Statement (with the exception of the consolidated balance sheet as of December 31, 2011). In addition, Prestige's consolidated balance sheets as of June 30, 2014 and June 30, 2013 and the related consolidated statements of operations and of cash flows for each of the six-month periods ended June 30, 2014 and 2013 and the notes thereto have been derived from Prestige's unaudited financial

TABLE OF CONTENTS

statements also appearing herein (with the exception of the consolidated balance sheet as of June 30, 2013, which is not included in this Information Statement) and which, in the opinion of Prestige's management, contain all normal recurring adjustments necessary for a fair statement of the results for the unaudited interim periods. Prestige has prepared its unaudited consolidated financial statements on the same basis as its audited consolidated financial statements and, in the opinion of Prestige's management, have included all adjustments, which include only normal recurring adjustments, necessary to present fairly in all material respects Prestige's financial position and results of operations. The results for any interim period are not necessarily indicative of the results that may be expected for the full year.

Prestige utilizes a variety of operational and financial metrics to evaluate its performance and financial condition. Prestige uses certain financial measures that are not in accordance with generally accepted accounting principles in the United States ("GAAP"), such as Prestige EBITDA, Prestige Adjusted EBITDA, Prestige Net Per Diems and Prestige Net Yields, each of which is defined below, to enable it to analyze its performance and financial condition. Prestige utilizes these financial measures to manage its business on a day-to-day basis and believes that they are the most relevant measures of its performance. Some of these measures are commonly used in the cruise industry to measure performance. Prestige believes these non-GAAP measures provide expanded insight to measure revenue and cost performance, in addition to the standard GAAP-based financial measures. There are no specific rules or regulations for determining non-GAAP measures, and as such, they may not be comparable to measures used by other companies within Prestige's industry. The presentation of non-GAAP financial information should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Historical results are not necessarily indicative of results that may be expected for any future period. The summary consolidated financial and operating data presented in the tables below should be read in conjunction with "Selected Historical Consolidated Financial Data of Prestige," "Management's Discussion and Analysis of Financial Conditions and Results of Operations of Prestige" and Prestige's consolidated financial statements and the related notes included elsewhere in this Information Statement.

TABLE OF CONTENTS

	Six Months Ended June 30, 2014	2013	Year Ended December 31, 2013	2012	2011
	(all dollar amounts in thousands, except per share data)				
Statement of Operating Data:					
Revenues					
Passenger ticket	$ 524,244	$ 478,007	$ 1,001,610	$ 947,071	$ 834,868
Onboard and other	85,691	74,008	162,947	151,213	134,270
Charter	5,840	9,312	18,779	13,737	—
Total revenue	615,775	561,327	1,183,336	1,112,021	969,138
Expenses					
Cruise Operating Expense					
Commissions, transportation and other	167,763	156,732	323,841	331,254	271,527
Onboard and other	24,606	20,111	43,518	40,418	36,854
Payroll, related and food	91,547	88,268	177,953	168,594	153,754
Fuel	55,142	54,598	101,690	101,685	92,921
Other ship operating	50,228	47,621	98,062	95,808	86,022
Other	28,816	5,404	16,416	21,968	26,305
Total cruise operating expense	418,102	372,734	761,480	759,727	667,383
Selling and administrative	99,320	90,266	174,866	153,747	145,802
Depreciation and amortization	43,051	41,926	83,829	93,003	79,269
Total operating expense	560,473	504,926	1,020,175	1,006,477	892,454
Operating income	55,302	56,401	163,161	105,544	76,684
Non-Operating Income (expense)					
Interest income	249	240	540	752	670
Interest expense	(68,103)	(70,858)	(141,634)	(131,651)	(101,560)

	Six Months Ended June 30,		Year Ended December 31,		
Other income (expense) (1)	(2,170)	3,308	13,209	22,956	(45,901)
Total non-operating expense	(70,024)	(67,310)	(127,885)	(107,943)	(146,791)
(Loss) income before income taxes	(14,722)	(10,909)	35,276	(2,399)	(70,107)
Income tax expense	(333)	112	246	(213)	335
Net (loss) income	$ (15,055)	$ (10,797)	$ 35,522	$ (2,612)	$ (69,772)
Earnings (loss) per share					
Basic	$ (1.11)	$ (0.80)	$ 2.62	$ (0.19)	$ (5.14)
Diluted	$ (1.11)	$ (0.80)	$ 1.88	$ (0.19)	$ (5.14)

7

TABLE OF CONTENTS

	As of and for the Six Months Ended June 30, 2014	As of and for the Six Months Ended June 30, 2013	As of and for the Year Ended December 31, 2013	As of and for the Year Ended December 31, 2012	As of and for the Year Ended December 31, 2011
	(in thousands, except per share data)				
Balance sheet data (at end of period):					
Cash and cash equivalents	$ 281,567	$ 263,081	$ 286,419	$ 139,556	$ 147,212
Restricted cash (2)	767	50,893	43,401	63,692	58,168
Property and equipment, net	2,040,637	2,004,103	2,012,710	2,035,449	1,644,971
Total assets	2,973,951	2,957,679	2,989,886	2,872,110	2,479,581
Passenger deposits (2)	534,142	449,112	432,564	365,296	336,203
Long-term debt (3)	1,452,546	1,647,975	1,596,218	1,695,656	1,328,518
Total debt (3)	1,542,109	1,716,567	1,686,544	1,713,216	1,350,840
Related party notes payable	738,783	686,186	711,617	661,304	615,143
Total liabilities	2,959,661	2,979,769	2,962,304	2,885,453	2,489,409
Total stockholders' equity (deficit)	14,290	(22,090)	27,582	(13,343)	(9,828)
Cash flow data:					
Net cash provided by operating activities	166,156	123,802	230,724	188,068	186,317
Net cash used in investing activities	(15,965)	2,939	(33,086)	(539,501)	(603,733)
Net cash (used in) provided by financing activities	(154,961)	2,975	(50,743)	343,621	447,193
Operating data:					
Passenger Days Sold (4)	1,002,253	978,607	1,978,998	1,873,691	1,688,958
	1,057,086	1,042,198	2,094,670	1,985,522	1,836,722

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,		
Available Passenger Cruise Days (5)					
Occupancy (6)	94.8 %	93.9 %	94.5 %	94.4 %	92 %
Prestige Net per Diem (7)(9)	$ 416.63	$ 383.37	$ 402.83	$ 387.80	$ 391.22
Prestige Gross Yield (8)(9)	577.00	529.66	555.96	553.15	527.65
Prestige Net Yield (9)	395.02	359.98	380.58	365.96	359.75
Prestige Adjusted EBITDA (10)	104,029	102,907	255,798	227,337	182,196
Capital Expenditures	(58,525)	(9,978)	53,420	478,962	535,531

(1)

- Other income (expense) consists of a variety of non-operating items including but not limited to foreign transaction gains and losses, gain (loss) on early extinguishment of debt and realized and unrealized gain (loss) on derivative instruments.

(2)

- Total restricted cash represents reserve requirements for credit card and vendor agreements.

(3)

- Includes the debt discount of $26.4 million and $29.4 million as of June 30, 2014 and 2013, respectively and $29.7 million and $32.8 million as of December 31, 2013 and 2012, respectively. There was no debt discount as of December 31, 2011.

(4)

- Passenger Days Sold refers to the number of revenue passengers carried for the period multiplied by the number of days within the period in their respective cruises.

(5)

- Available Passenger Cruise Days ("APCD") is Prestige's measurement of capacity and represents double occupancy per cabin multiplied by the number of cruise days for the period. Prestige uses this measure to perform capacity and rate analysis to identify its main non-capacity drivers which cause its cruise revenue and expense to vary.

(6)

- Occupancy is calculated by dividing Passenger Days Sold by APCD. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations of Prestige — Key Operational and Financial Metrics, including Non-GAAP Measures."

TABLE OF CONTENTS

(7)

- Prestige Net Per Diem represents Prestige Net Revenue divided by Passenger Days Sold. See “Management’s Discussion and Analysis of Financial Conditions and Results of Operations of Prestige — Key Operational and Financial Metrics, including Non-GAAP Measures.”

(8)

- Prestige Gross Yield refers to total revenue, excluding charter per APCD. See “Management’s Discussion and Analysis of Financial Conditions and Results of Operations of Prestige — Key Operational and Financial Metrics, including Non-GAAP Measures.”

(9)

- Prestige Net Yield refers to Prestige Net Revenue per APCD. See “Management’s Discussion and Analysis of Financial Conditions and Results of Operations of Prestige — Key Operational and Financial Metrics, including Non-GAAP Measures.”

Prestige utilizes Prestige Net Revenue, Prestige Net Per Diem and Prestige Net Yield to manage its business on a day-to-day basis and believes that they are the most relevant measures of Prestige’s revenue performance. The table below illustrates the calculation of Prestige Net Revenue, Prestige Net Per Diem, Prestige Gross Yield and Prestige Net Yield.

	Six Months Ended June 30,		**Year Ended December 31,**		
	2014	**2013**	**2013**	**2012**	**2011**
	(in thousands, except operating data)				
Passenger ticket revenue	$ 524,244	$ 478,007	$ 1,001,610	$ 947,071	$ 834,868
Onboard and other revenue	85,691	74,008	162,947	151,213	134,270
Total revenue, excluding charter	609,935	552,015	1,164,557	1,098,284	969,138
Less:					
Commissions, transportation and other expense	167,763	156,732	323,841	331,254	271,527
Onboard and other expense	24,606	20,111	43,518	40,418	36,854
Prestige Net Revenue	$ 417,566	$ 375,172	$ 797,198	$ 726,612	$ 660,757
Passenger Days Sold	1,002,253	978,607	1,978,998	1,873,691	1,688,958
Available Passenger Cruise Days	1,057,086	1,042,198	2,094,670	1,985,522	1,836,722
Prestige Net Per Diem	$ 416.63	$ 383.37	$ 402.83	$ 387.80	$ 391.22
Prestige Gross Yield	$ 577.00	$ 529.66	$ 555.96	$ 553.15	$ 527.65
Prestige Net Yield	$ 395.02	$ 359.98	$ 380.58	$ 365.96	$ 359.75

(10)

- Prestige Adjusted EBITDA refers to net income (loss) excluding depreciation and amortization, interest income, interest expense, other income (expense), and income tax benefit (expense), and other supplemental adjustments in connection with the calculation of certain financial ratios permitted in calculating covenant compliance under the indenture governing Regent's second-priority senior secured notes (the "Regent Senior Secured Notes") and the credit agreement, dated as of July 2, 2013, among Oceania and OCI Finance Corp., as borrowers, the lenders and agents party thereto, Deutsche Bank AG, New York Branch, as administrative agent and collateral agent and as mortgage trustee, as amended on February 7, 2014 (the "Oceania Credit Facility") and the credit agreement, dated as of August 21, 2012, among Classic Cruises, LLC, Classic Cruises II, LLC, Seven Seas Cruises S. DE R.L. and SSC Finance Corp., as borrowers, the lenders and agents party thereto and Deutsche Bank AG, New York Branch, as administrative agent and as collateral agent, as amended through February 7, 2014 (the "Regent Credit Facility").

Prestige believes Prestige EBITDA and Prestige Adjusted EBITDA can provide a more complete understanding of the underlying operating results and trends and an enhanced overall understanding of its financial performance and prospects for the future. Prestige EBITDA is defined as net income (loss) excluding depreciation and amortization, net interest expense and income tax benefit (expense). This non-GAAP financial measure has certain material limitations, including:

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

9

TABLE OF CONTENTS

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

Prestige believes Prestige Adjusted EBITDA, when considered along with other performance measures, is a useful measure as it reflects certain operating drivers of its business, such as sales growth, operating costs, selling and administrative expense, and other operating income and expense.

While Prestige Adjusted EBITDA is not a recognized measure under GAAP, Prestige's management uses this financial measure to evaluate and forecast Prestige's business performance. Prestige Adjusted EBITDA is not intended to be a measure of liquidity or cash flows from operations or a measure comparable to net income as it does not take into account certain requirements such as capital expenditures and related depreciation, principal and interest payments, and tax payments, and it is subject to certain additional adjustments as permitted under the agreements governing our indebtedness. Prestige's use of Prestige Adjusted EBITDA may not be comparable to other companies within our industry. Prestige's management compensates for these limitations by using Prestige Adjusted EBITDA as only one of several measures for evaluating Prestige's business performance. In addition, capital expenditures, which impact depreciation and amortization, interest expense, and income tax benefit (expense), are reviewed separately by Prestige's management.

The following table provides a reconciliation of net income (loss) to Prestige Adjusted EBITDA:

	Six Months Ended June 30,		**Year Ended December 31,**		
	2014	**2013**	**2013**	**2012**	**2011**
			(in thousands)		
Net (loss) income	$(15,055)	$(10,797)	$35,522	$(2,612)	$(69,772)
Interest income	(249)	(240)	(540)	(752)	(670)
Interest expense, net of capitalized interest	68,103	70,858	141,634	131,651	101,560
Depreciation and amortization	43,051	41,926	83,829	93,003	79,269
Income tax (expense) benefit	333	(112)	(246)	213	(335)
	96,183	101,635	260,199	221,503	110,052
Other (income) expense	2,170	(3,308)	(13,209)	(22,956)	45,901
Equity-based compensation/ transactions (a)	1,244	781	1,371	2,129	2,153
Fuel hedge (loss) gain (b)	694	15	814	4,792	10,553
Loss on disposal (c)	903	—	146		