IN THE CIRCUIT COURT OF THE 11TH JUDICIAL CIRCUIT IN AND FOR MIAMI-DADE COUNTY, FLORIDA

Case No. 2016-030273-CA-44

**VEITCH INVESTMENTS 3, LLC**, and **COLIN VEITCH**,

Plaintiffs,

vs.

**NCL CORPORATION LTD., NORWEGIAN CRUISE LINE HOLDINGS LTD. NCL (BAHAMAS) LTD.,** and **KEVIN SHEEHAN,**

Defendants.

_____/

**THIRD AMENDED COMPLAINT AND DEMAND FOR JURY TRIAL**

Plaintiffs, Veitch Investments 3, LLC ("Veitch Investments") and Colin Veitch ("Mr. Veitch" or "Veitch") sue Defendants, NCL Corporation Ltd. ("NCLC"), Norwegian Cruise Line Holdings Ltd. ("NCLH"), NCL (Bahamas) Ltd. ("NCLB") (collectively, "NCL" or the "Company") and Kevin Sheehan ("Sheehan" or "Mr. Sheehan"), and allege as follows:

## FACTUAL ALLEGATIONS

### Summary Overview

1. The original complaint in this action was filed in November 2016. The origins of this action lie in an instance of mean-spirited discrimination and malice with regard to tax

distributions on an equity instrument, and a nasty and defamatory email motivated by the same vindictive impulses.

2. As pulling on a small loose thread can unravel an entire garment, the discovery in this case has revealed a much larger issue involving intentional deception of, and orders of magnitude more economic harm to, Plaintiff Veitch Investments, as well as the deliberate refusal to pay millions of dollars owing to an entire class of people and to obscure from view their entitlement to this money, including by making false or misleading statements in NCL's SEC filings. Additionally, the initial defamation contained in an email communication has been compounded by an unambiguous characterization of Plaintiffs and their counsel by the NCL Defendants in one of the largest circulation newspaper in Florida as being liars and abusers of the judicial process.

3. Accordingly, this Third Amended Complaint incorporates this greatly expanded and monetarily much larger set of issues.

**Introduction – Contract Claims**

4. Plaintiff Colin Veitch served as the CEO of NCLC (and its predecessor NCL Holdings ASA) from February 2000 to November 2008. To this day, he remains the Company's longest serving CEO by a large margin. During his tenure, Mr. Veitch earned a stellar reputation for taking leadership, in February 2000, of a company that was struggling greatly.

5. Over the course of nine intense years the company and its principal brand, Norwegian Cruise Line ("Norwegian") was transformed from its unviable condition in 2000 to its renewed and vibrant condition at the end of 2008. In that period, Mr. Veitch introduced into the market under the Norwegian banner a fleet of ten highly profitable, very large, very innovative new ships, and at the same time retired virtually all of the mish-mash of old,

traditional, financially underperforming ships of the pre-2000 Norwegian fleet, as well as closing down unprofitable and distracting activities such as a joint venture in Australia and a one-ship subsidiary (a converted Russian spy ship) specializing in Antarctic cruising.

6. Norwegian was transformed through hard work, team effort, and Mr. Veitch's clear vision and innovative business strategies, including multiple initiatives which have now become commonplace in the cruise industry but which were breakthrough at the time; most notably the development of "Freestyle Cruising" and a host of innovative new itineraries and home ports from Alaska and Hawai'i to Bermuda, the Bahamas, and the Caribbean.

7. The new fleet of huge purpose-built ships and the innovative product and itineraries it offered was so attractive in its consistent cash generating record and potential for further expansion that the prestigious private equity firm Apollo Global Management LLC decided in 2007 to inject $1 billion of new equity capital into NCL in exchange for a share of the expanded business and its earnings potential.

8. Apollo's investment rationale was that with this solid platform they could triple their investment in a mere five years; a compound rate of return of 25% a year for five years on a billion dollars. As things turned out it took exactly five years to bring NCL to the public equity markets with an Initial Public Offering (IPO) in January 2013. Apollo did not merely triple its investment; it has more than quadrupled its original $1 billion investment.

9. Upon Mr. Veitch's resignation in late 2008, the new fleet Mr. Veitch had built, launched, and operated, was profitable, innovative, and growing, and Mr. Veitch had secured the financial future of NCL by negotiating and closing the unprecedented private equity funding. In or about January 2009, the Company granted Mr. Veitch an equity instrument, referred to as "Profits Units" which entitled Mr. Veitch to both a preferred distribution ahead of other

employees and a pro rata share alongside all other holders of Profits Units of any future appreciation in the value of the Company above defined thresholds, in accordance with the terms of the Company's Profits Sharing Agreement. A particular feature of the Profits Units, as distinct from stock options, for example, is that they would appreciate without immediate tax consequences *and* attract favorable capital gains treatment without a holding period at such future time as their appreciation became taxable.

10. Defendant Kevin Sheehan, who assumed Mr. Veitch's position as CEO (having been Mr. Veitch's Chief Financial Officer for the prior year), as well as other senior officers, also received Profits Units entitling him, alongside all other holders of Profits Units, to a pro rata share in the appreciation in value of the company above defined thresholds.

11. In January and February of 2013, in conjunction with an IPO of the Company, Mr. Sheehan oversaw the conversion of Mr. Veitch's, his own, and other management personnel's and ex-employees' Profits Units into an equity-related instrument called Management NCL Corporation Units ("NCLC Units"), along with a grant of stock options which was required to ensure that the fair value of the NCLC Units *plus* the fair value of the new NCLH options granted would be equal to the fair value of the Profits Units immediately before their conversion. (In this complaint these stock options, issued at the IPO price of $19.00 explicitly to "make whole" the conversion of the Profits Units, will be referred to as the "Conversion Options" to distinguish them from other stock option grants awarded at higher strike prices in the regular course of business to employees under NCL's long term incentive programs.)

12. However, for certain former employees, Mr. Sheehan stated to his senior management colleagues that the thought of them benefiting from the conversion of the Profits

Units made him "sick," and even though the Company was contractually required to provide the same conversion to all holders of the Profits Units, Mr. Sheehan instructed his Chief Accounting Officer to nevertheless find a "defendable" way to prevent or limit those former employees from "shar[ing] in the future value appreciation of Norwegian"

13. The result was that NCL converted Mr. Veitch's Profits Units and those of other ex-employees only into "NCLC Units" only without issuing the necessary amount of Conversion Options to make the value of the conversion equal to the value of the Profits Units being converted. In doing so, NCL breached contractual provisions requiring that a) Mr. Veitch's Profits Units be converted into an "economically equivalent number of shares of common stock or other equity or equity-related interests" and b) with respect to any such conversion, Mr. Veitch be treated "no less favorably (on a per unit basis)" than any other holder of Profits Units. The damage to Mr. Veitch alone is already at least $10 million. As explained further below, this substantial demonstrable damage was compounded by the deficient nature and number of the equity-related interest that Mr. Veitch did receive. As the value of NCL continues to appreciate, the actual demonstrable damage to Mr. Veitch continues to grow. It is worth noting that NCL also knowingly and willfully deprived all of its other ex-employees of the Conversion Options they were rightly owed, and issued to all holders of Profits Units (both current- and ex-employees) the flawed NCLC Units, with the consequence that damages to all former holders of Profits Units may eventually amount to over $100 million.

14. In directing this approach to converting Mr. Veitch's Profits Units, Mr. Sheehan and NCL breached a number of obligations:

a. A contractual obligation to convert Mr. Veitch's Profits Units into an economically equivalent number of shares or equity or equity-related interests;

b. An obligation to treat Mr. Veitch no less favorably (on a per units basis) than any other holder of Profits Units;

c. A fiduciary obligation to Mr. Veitch; and

d. An obligation to make honest and clear statements to the SEC.

15. The reasons for such a list of transgressions were rooted in the dislike and resentment harbored by Mr. Sheehan against his predecessor, Mr. Veitch who he disparaged repeatedly and to whom both publicly and privately he compared himself (favorably), notwithstanding an instruction from his main shareholder after three years of this to "stop referring things back to Veitch" and "move on.".

16. Approximately a year after the fraudulent conversion had taken place, Mr. Sheehan's dislike and resentment manifested itself again in another nakedly discriminatory breach of contract. The NCLC Units issued at the time of the IPO were contractually entitled to repayable tax distributions (essentially loans) to enable their holders to make quarterly estimated tax payments to the government. Mr. Sheehan ordered NCL in early-2014 (and again and again thereafter until the end of 2014) to make these tax distributions to other holders of NCLC Units, but, in breach of contract, ordered that those same distributions not be paid to Mr. Veitch. Subsequently, repayment of these tax distributions was forgiven by the Company and yet more distributions were made to pay the tax on these forgiven amounts. Mr. Sheehan thereby had the Company disburse to himself during 2014 with respect to tax years 2013 and 2014 an extra $2.7 million while providing $0 to Mr. Veitch for those same equity interests.

**Introduction – Defamation Claim**

17. Then, in December 2014, the dislike and resentment boiled over. Upon reading a retrospective-style article about Mr. Veitch in the leading US travel trade publication, Travel Weekly, Mr. Sheehan fired off a vicious email defaming Mr. Veitch in practically every aspect of his career at NCL and seeking to take credit during his own tenure for many of the innovations Mr. Veitch had led that positioned NCL for profitability, for its successful IPO, and its successful acquisitions thereafter. Mr. Sheehan succeeded in having the article taken down and then, pleased with himself for having torpedoed a favorable article on his predecessor and on the company generally, sought approbation from his senior management by advertising to them what he had done.

18. NCL had long been aware of not only Mr. Sheehan's defamatory and discriminatory conduct towards Mr. Veitch but also Mr. Sheehan's widely known improper behavior and relationships with NCL employees, in breach of Company policies, onboard its various cruise ships. In January 2015, Mr. Sheehan's employment was abruptly terminated effective immediately but without any public explanation, shocking many industry observers.

**Parties, Jurisdiction, and Venue**

19. Plaintiff Colin Veitch is domiciled in the State of Florida.

20. Plaintiff Veitch Investments is an Alaska limited liability company with its principal place of business located in Miami-Dade County, Florida. Mr. Veitch is a member and the manager of Veitch Investments.

21. Defendant, NCLC, is a Bermuda Corporation with its principal place of business in Miami-Dade County, Florida.

22. Defendant, NCLH is a Bermuda Corporation with its principal place of business in Miami-Dade County, Florida.

23. Defendant, NCLB, is a Bermuda Corporation with its principal place of business in Miami-Dade County, Florida.

24. Defendant Kevin Sheehan is the former Chief Executive Officer of NCLC, NCLH, and NCLB. He maintains a home in Miami, Florida.

25. Venue is proper in this Court pursuant to Fla. Stat. §§ 47.011 and 47.051 because the contracts that are the subject of this action were executed and the causes of action accrued in Miami-Dade County, Florida. Furthermore, both Plaintiffs and Defendants reside in Miami-Dade County.

26. Venue also is proper in this Court pursuant Fla. Stat. § 47.011, in that the causes of action alleged herein for, among other things, the wrongful publication of certain defamatory statements, occurred in Miami-Date County, Florida.

**Mr. Veitch's Time as CEO at NCL**

27. Mr. Veitch is the former President and Chief Executive Officer of NCLC and NCLB. During his almost nine-year tenure helming the Company, he was known for reviving and reinventing Norwegian Cruise Line, the oldest Miami-based cruise line, with his innovative thinking, integrity, and business acumen. He used these traits to correct the course of the Company, which was struggling and out of cash when he was appointed and which had barely escaped the hostile clutches of a large competitor intent on shutting it down and removing its famous brand from the market.

28. Among Mr. Veitch's many innovations were: a dramatic upgrading of safety, environmental, public health, and operational standards; the creation of "Freestyle Cruising"

(described by NCLH in its recent filings as the principal differentiator driving increasing revenues); itinerary innovations including "Homeland Cruising", most notably Caribbean and Bahamas cruising from New York City, first seasonally and then year-round; launching the industry's only US flagged, US-manned operation, cruising inter-island within Hawai'i, which today is a major contributor to NCLH's profitability; establishing NLC as the dominant operator to Bermuda and the leading cruise line to Alaska out of Seattle; and the development of the design and product template for two classes of ships purpose-built for Freestyle Cruising, including the ships most recently entering service and currently under construction. Mr. Veitch also revitalized the fleet by selling or retiring the entire fleet of low-earning older ships he inherited and adding nine high-earning new ships, with his new modern fleet representing over 75% of Norwegian's total fleet today, a capital investment program of approximately $4 billion prior to Apollo's investment, all without recourse to any significant injection of new equity financing.

29. While Norwegian Cruise Line had not won many awards when Mr. Veitch took the helm, winning awards began piling up in 2007 after years of his hard and innovative work reshaping the Company. In 2008, Mr. Veitch's last year, Norwegian was honored with 21 awards from a wide variety of sources, including Conde Nast Traveler, Travel & Leisure, and Family Circle. It won Best Cruise Line from both AOL Travel and Southern Living. It also won awards for having the best suites, the best Hawai'i cruises, best Bermuda itineraries, Best Caribbean Cruise Line, best entertainment, best dining experience and on and on. These awards reflected the culmination of the fleet renewal program, the onboard product enhancements, and the brand campaign, all of which were designed and implemented by Mr. Veitch and the very strong team he had built. Mr. Veitch himself received a number of recognitions for the work he

was doing in bringing NCL back to life. He was named as Travel Executive of the Year by Travel Trade (the "#1 Weekly News Source for over 225,000 Travel Sellers"); he was named Cruise Industry Person of the Year by Travel Agent magazine (the "national Newsweekly of the Travel Industry"); he was named Maritime Person of the Year by the International Propeller Club of the United States (a worldwide organization of maritime professionals); and in his penultimate year with NCL, was named recipient of the most prestigious award in the US maritime industry, the Admiral of the Ocean Seas Award, by the United Seamen's Service (a federally chartered non-profit promoting the welfare of seafarers of all nations and their dependents, and of US government military and civilian personnel engaged in in the maritime industry).

30. Mr. Veitch's success in revitalizing the Company's Bahamas-flagged fleet attracted interest from private equity seeking to take a significant stake in the Company. In 2008, after a bidding war between two prominent private equity firms, Apollo Global Management, LLC ("Apollo") invested $1 billion in exchange for new shares giving them 50% of the expanded company and four out the seven board seats.

31. Apollo, one of the best private equity firms in the world, invested $1 billion into the NCL that Mr. Veitch had revitalized because Apollo believed it would be able to triple that money in a mere five years through an Initial Public Offering ("IPO"), by projecting forward NCL's existing strongly cash generating business, adding the new ships Mr. Veitch had ordered, and perhaps cutting some costs. In fact, Apollo would earn four times its billion dollar investment as a result of the successful IPO in 2013.

## ALLEGATIONS COMMON TO BREACH OF CONTRACT COUNTS

### The Co-Investment Profits Units

32. When Apollo acquired its 50% interest in NCL, it presented certain senior officers with the opportunity to benefit from the future appreciation of the Company Mr. Veitch had built and led for the previous nine years. Rather than offering stock options, Apollo offered what it called Profits Units which entitled the holders to share in the growth in value of the Company over and above the original valuation at which Apollo had invested. In presenting this opportunity, Apollo explained its belief that it would triple its investment in five years, and that the recipients of Profits Units would begin to share in the Company's increased value once Apollo had recouped its original billion dollars. By the terms of the Profits Sharing Agreement, the holders of Profits Units would be entitled to share, pro rata, in any future appreciation of the value of the Company above a defined threshold for as long as the original investors (Apollo, TPG, and Star Cruises/Genting) remained shareholders.

33. Apollo also explained that the Profits Units would be more attractive tax-wise than stock options, which are taxable as ordinary income upon exercise unless held for a year thereafter. In contrast, the Profits Units would appreciate without taxation and then could be exchanged for shares with the full appreciation immediately qualifying as capital gain, taxable at the lower capital gains rate rather than the higher ordinary income rate without having to hold the shares for another year and run the risk of a drop in value while the income tax bill remained outstanding.

34. The NCL officers who received the largest number of these Profits Units were Mr. Veitch and Mr. Sheehan, whom Apollo had brought on as Mr. Veitch's CFO and who succeeded Mr. Veitch as CEO of NCLC in November 2008.

35. Thus, pursuant to an "Award Notice" dated April 23, 2009 (attached as Exhibit A), the Company issued 100,00 Profits Units to Mr. Veitch. The Award Notice noted that these were "equity interests that [were] intended as 'profits interests,' which is **a share of any future appreciation in the value of the Company** over and above the initial valuation of the Company."[1] The Profits Units had potentially significant economic value not only because of the possibility of future appreciation, but also because (a) such appreciation, if any, would occur without the holder of the Profits Units being taxed as they appreciated, and (b) upon sale or conversion into cash would be subject to taxation at the favorable capital gains rate without a holding period.

36. The terms and conditions governing the Profits Units were set forth in three separate documents. The first was the Award Notice pursuant to which Mr. Veitch was awarded 100,000 Profits Units, which represented 0.5% interest in the value of the Company over certain levels. Among other things, the Award Notice specified that:

> "At such time (if any) that (i) the Co-Investment Distribution Hurdle for Tranche II of the Co-investment Profits Units is attained and (ii) you have received your total Co-Investment Distribution Amount of $ 10,000,000 in the aggregate, each of the Co-Investment Profits Units in Tranche I and Tranche II shall be entitled to receive any "Ordinary Distributions" that may become payable under the Profits Sharing Agreement"

37. The plain meaning and intent of that phrase was that once Mr. Veitch had received $10,000,000 in Co-Investment Distributions, he would still maintain his 100,000 Profits Units, which would entitle him to a 0.5% interest in the appreciation of the Company from that point forward.

38. The second was the Profits Sharing Agreement ("Profits Sharing Agreement", attached as Exhibit B), which also specified that:

[1] On or about June 3, 2010, Mr. Veitch assigned his Profits Units to Veitch Investments 3, LLC. A true and correct copy of the Assignment of Profits Units and Agreement to be Bound is attached as Exhibit C.

> Following payment of each Co-Investment Distribution … any holder of Co-Investment Profits Units shall be entitled to receive, with respect to each Co-Investment Profits Units held by such holder (whether issued as part of the first or second tranche), the Ordinary Distribution from the Company on the same terms as provided in paragraph 3(b) as if the Co-Investment Profits Units were issued as Ordinary Profits Units.

39. The plain meaning and intent of that phrase was, once again, that once Mr. Veitch was received $10,000,000 in Co-Investment Distributions, he would still maintain his 100,000 Profits Units, which would entitle him to continue to receive his 0.5% interest in the appreciation of the Company from that point forward.

40. Paragraph 6 of the Profits Sharing Agreement specified that, upon a Qualified Public Offering, the Board of Directors of NCLC could convert the Profits Units "into an **economically equivalent** number of shares of common stock or other equity or equity-related interests". (*Id*.) (Emphasis added). Mr. Veitch's Award Notice provided that "with respect to any transaction under paragraph 6 of the Profits Sharing Agreement, **you will be treated no less favorably (on a per unit basis) than any other holder of profits units under the Profits Sharing Agreement**." (*Id*. at ¶ 3) (Emphasis added). This language requiring equal treatment was specifically demanded by Mr. Veitch and his counsel and agreed to by the Company.

41. The third agreement was United States Tax Agreement dated as of January 7, 2008 ("Tax Agreement," attached as Exhibit D), which, in Section 3 provided that no income of NCLC was allocated to the Profits Units holders and, thus, no tax was payable by them, unless and until such holder became an owner of shares of common stock of NCLC. Veitch (later Veitch Investments) became a Member as defined by the Tax Agreement when Mr. Veitch signed a "Form of Joinder to Tax Agreement" that contains a section labeled "Agreement to be Bound" that states "Holder hereby agrees that … he shall become a party to the [Tax] Agreement

… as though an original party thereto **and shall be deemed a member for all purposes thereof** …" (emphasis added).

**A. The Initial Public Offering and the Conversion of the Profits Units**

42. After postponing an advanced effort in 2011 to launch itself as a public company, on or about January 17, 2013, NCLH[2] successfully launched an IPO and, pursuant to paragraph 6 of the Profits Sharing Agreement, set about converting the Profits Units into an economically equivalent amount of shares or other equity or equity-related interests.

43. In 2011, in preparation for the eventually postponed IPO, NCL had recognized that they had to calculate the value of the Profits Units and then convert that value into an economically equivalent amount of something - or some things - other than Profits Units; they decided upon a combination of NCLH shares and options to buy NCLH shares. This work was dusted off and reviewed again in preparation for the eventually successful 2013 IPO.

44. Two particularly important factors were considered in this calculation. First, NCL recognized by converting the Profits Units into the NCLC Units (based upon an assumption that each NCLC Unit was equal in value to each ordinary share being issued in the IPO), it would be providing its Management with a number of NCLC Units that were less valuable than, and economically inferior to, the Profits Units.

45. Second, NCL recognized that by providing NCLC Units that were less valuable than, and economically inferior to, the Profits Units, it would be limiting or depriving those NCLC Unit Holders from participating in the full appreciation of the Company, which was the original intent of the Profits Units.

[2] In February 2011, roughly two years after the award of Mr. Veitch's Profits Units, the Company underwent a corporate reorganization. Until that point, the top holding company in the structure was NCLC. In February 2011 a new top holding company was formed, NCLH, and this became the sole owner of NCLC.

46. Because the entitlement of Profits Units holders to share in the continuing upside of the Company was recognized as being a major part of the value of the Profits Units, management arrived at a formula for converting Profits Units into a combination of two equity-related interests: NCLC Units (instead of NCLH shares but intended to mirror NCLH shares) plus Conversion Options to purchase more NCLH shares at the IPO price. The two interests taken together – the NCLC Units and the Conversion Options – would be economically equivalent to the Profits Units they were replacing. In its analysis and planning for the conversion, the NCL management group led by Mr. Sheehan referred to the package as NCLC Units and "make whole" stock options. These Conversion Options have turned out to be incredibly valuable – probably worth more than $100 million already today – to the members of management who received them.

47. Accordingly, when in February 2013 after its successful IPO, the Company sent out the "Notice of Treatment" to current employees advising them of the conversion of their Profits Units, they were following through on two years of careful planning. The Notice stated:

> [I]n accordance with the terms of the awards, your outstanding profits units (the "Profits Units") in NCLC granted under NCLC's Profits Sharing Agreement (the 'Profits Sharing Plan') were converted into an **economically equivalent** number of equity units in NCLC representing a capital interest in NCLC (the "NCLC Units")."
>
> In addition, you have been granted options in NCLH which are designed to preserve your upside opportunity in the company following the conversion of your Profits Units into NCLC Units. The purpose of these option grants is to provide current employees with an incentive award that, for accounting purposes, **ensures that the fair value of the NCLC Units plus the fair value of the new NCLH options granted will be equal to the fair value of the Profits Units immediately before the conversion**.

48. This statement was in fact deliberately misleading because the Profits Units had not been converted into an economically equivalent number of equity units in NCLC; they had

been converted into an economically equivalent combination of equity units in NCLC *plus* stock options in NCLH (Conversion Options). The statement was worded this way so that the first paragraph would be consistent with the Notice of Treatment sent to Mr. Veitch and other ex-employees and the impression would be left that everyone had been treated equally. But this was not so.

49. In stark contrast to the "economically equivalent" value provided to Management, Sheehan set out to deprive all former employees of the same economically equivalent value.

50. Mr. Sheehan did this in spite of being specifically advised that this would be improper and that "for the units that the terminated employees retained, they would have to receive the same combination of common shares and options as the rest of us when the units are converted during an IPO."

51. Mr. Sheehan was further advised that "since options were considered to be part of the fair value for the rest of us, it should also be the same for the remaining units of the terminated employees."

52. Despite these warnings that what he was proposing was not permissible, Mr. Sheehan stated, with respect to one former senior colleague who had left with a relatively large number of Profits Units, that the value he was to receive was "**getting me sick.**" He stated that he did not see why any former employees should receive options, and one of his senior colleagues suggested ways they could get rid of the former employees' entitlement "and not to have them to share in the future appreciation of Norwegian. **He therefore issued instructions to "come up with the best position for the Company that is defendable**."

53. What NCL came up with was not defendable. It simply lied to Mr. Veitch and to its former employees by affirmatively misrepresenting to them that the conversion into NCLC

Units, with no mention of Conversion Options, was economically equivalent to the Profits Units. In fact the conversion into NCLC Units had been done at the same rate as the current employees but former employees were flat our deprived of the Conversion Options.

54. On January 18, 2013, the first day of trading after the IPO, the share price shot up immediately, closer to NCL's intrinsic value and has more than tripled since then.

55. In both 2011 and at the time of the 2013 IPO, Veitch asked NCL how they were going to calculate the number of shares/NCLC Units to be issued to reflect the value of his Profits Units.

56. Despite knowing, and having discussed internally, that economic equivalence required that Conversion Options be issued as well as NCLC Units, NCL did not disclose that to Veitch. It declined to provide any information in 2011, and then sent Veitch a calculation on January 23, 2013 purporting to show how the Profits Units had been converted at the IPO price into a certain number of NCLC Units. Mr. Veitch and his counsel asked for more information and were rebuffed.

57. On February 5, 2013, NCLC sent Veitch Investments a Notice of Treatment of Awards Granted Under the Profits Sharing Agreement for NCL Corporation Ltd. in IPO. ("Notice of Treatment", attached as **Exhibit E**.)

58. The Notice of Treatment stated that, in connection with the IPO, "and in accordance with the terms of the awards, your outstanding profits units (the 'Profits Units') in NCLC granted under NCLC's Profits Sharing Agreement (the 'Profits Sharing Plan') were converted into an **economically equivalent** number of equity units in NCLC representing a capital interest in NCLC (the "NCLC Units")." (Emphasis added). This was exactly the same as

the first of two paragraphs in the Notice Treatment provided to employee holders of Profits Units; however, the second paragraph dealing with Conversion Options was entirely absent.

59. NCL made the above representation in the Notice of Treatment knowing it was false because NCL told all holders of Profits Units who were current employees that additional stock options were required to "ensure that the fair value of the NCLC Units plus the fair value of the new NCLH options granted will be equal to the fair value of the Profits Units immediately before the conversion."

60. Again Veitch and his counsel asked for more information and received no reply. On February 11, 2013, Veitch's counsel wrote to NCL stating that in light of the request that Veitch execute the Notice of Treatment and return it to the Company, it was reasonable and necessary that he should have the information his counsel had requested regarding details behind the calculation.

61. On February 13, 2013, NCL's outside counsel, Chris Del Rosso of O'Melveny & Myers, wrote back providing some but not all of the information requested and stating - falsely as we now know – that (emphasis added) "*Colin has been provided with the same informational materials as the other **current** and former employees that held outstanding profits units at the time of the NCLH reorganization and IPO.*" This statement was knowingly false in that the Company had already provided more and different information to its management holders of Profits Units than it had to Mr. Veitch – specifically the information that the Conversion Options were necessary in addition to NCLC Units in order to make whole the value of the Profits Units and ensure an economically equivalent conversion.

62. Stated simply, Veitch Investments was not provided with the same informational materials as the current employees, who were specifically advised that additional stock options

were required to "ensure that the fair value of the NCLC Units plus the fair value of the new NCLH options granted will be equal to the fair value of the Profits Units immediately before the conversion." This deficiency was not an oversight; it was intentional.

63. Instead of providing any detail explaining what factors were considered in determining economic equivalence, the Notice of Treatment contains an express false representation made three separate times. First, the Notice stated that "in accordance with the terms of the awards, your outstanding profits units (the "Profits Units") in NCLC granted under NCLC's Profits Sharing Agreement (the 'Profits Sharing Plan') were converted into an **economically equivalent** number of equity units in NCLC representing a capital interest." Second, under the heading "Conversion of Profits Units," it stated "your vested Profits Units … were converted into an **economically equivalent** number of fully vested NCLC Units." Third, it stated again in the very next paragraph "Your Profits Units were converted into an **economically equivalent** number of fully vested NCLC Units . . . ." (Emphasis added). Each of these statements were false and the Company and Sheehan were aware of their falsity, and recklessly disregarded the their falsity, when the statements were made.

64. Further, these false statements concerned material facts and were made to induce Veitch and Veitch Investments to execute the Notice of Treatment.

65. In the Notice of Treatment, NCLH and NCLC were making assurances to Veitch Investments, which could not ascertain for itself whether the NCLC Units were economically equivalent to the Profits Units and was refused the information to allow it to make such a determination, that it could rely on the determination of NCLH and NCLC that the NCLC Units were in fact "economically equivalent" to the Profits Units.

**Additional Misrepresentations Made to Veitch**

66. In its written and verbal communications with Mr. Veitch and Veitch Investments, the Company and its internal and external lawyers were making (false) assurances that Veitch Investments had been treated no less favorably than any other holder of Profits Units and that everyone had been treated the same. In the absence of open communication and access to the Notices of Treatment sent to employee holders of Profits Units, Veitch Investments had no way, at the time, of assessing the veracity of these false statements.

67. Veitch Investments had no way to independently confirm the "economic equivalence" or the "no less favorably than" treatment and had no control over the conversion, which had in any case already taken place unilaterally and without Veitch Investments' consent or approval.[3]

68. On or about March 19, 2013, as manager and on behalf of Veitch Investments, Mr. Veitch, faced with the Company's refusal to explain the conversion, and refusal to provide any meaningful information for him to determine economic equivalence, and having been assured by the company's lawyers that everyone had been treated the same and given the same information, relied upon the representations and warranties within the Notice of Treatment,

[3] The Notice of Treatment was not a new contract and was not proposing – for and subject to agreement of Veitch Investments – terms for something that had already happened (and happened unilaterally). Rather, as it explained: "[t]his notice ('Notice') describes the conversion of your Profits Units into NCLC Units, explains how you may exchange your NCLC Units for ordinary shares of NCLH, and includes a short summary of certain **tax and securities law considerations** associated with the conversion and exchange. This Notice is intended as a summary, and you are urged to review the documents described below and/or consult with your own advisors for more information regarding the conversion of your Profits Units, your exchange rights and the limits on your exchange rights, and the **associated tax and securities law considerations**."

signed the Notice of Treatment and returned it to NCLC, which was a required precondition to receiving the NCLC Units referred to in the Notice of Treatment.[4]

69. In signing the Notice on behalf of Veitch Investments, Mr. Veitch was in no way agreeing that the conversion had been economically equivalent, but only that NCL had represented and warranted the economic equivalence.[5]

**Additional Misrepresentations Made To The SEC And Through SEC Filings**

70. NCL next hid these Conversion Options from its former employees by falsely representing them to the Securities Exchange Commission ("SEC").

71. Despite knowing that they would be converting the Profits Units of current employees into a combination of NCLC Units and Conversion Options in order to preserve their fair value immediately prior to the IPO, the Company included in its IPO Prospectus the following explanation of the conversion, omitting all mention of the Conversion Options: "*NCL Corporation Ltd.'s outstanding profits interests granted under the Profits Sharing Agreement to management (or former management) of NCL Corporation Ltd., including the Ordinary Profits Units described below in "Compensation Discussion & Analysis," will be exchanged for an economically equivalent number of NCL Corporation Units.*"

[4] The last line of the Notice of Treatment requested that the holders of the Profits Units sign to indicate "agreement to the terms of this Notice." It was not clear from the Notice itself what was meant by the phrase "agreement to the terms of this Notice" since the Notice itself did not contain any "terms" and instead described itself as a "summary" and encouraged the recipient to obtain further information from the Company or consult their own advisors. Furthermore, since the Notice presented to Veitch Investments and other holders of Profits Units the conversion as a fait accompli (done deed), Mr. Veitch viewed the execution of the Notice as simply an acknowledgement of his receipt and review thereof and that he had been advised of the conversion and was given in large part, as a securities law disclosure to the holders of the Profits Units since this was a securities exchange and did not in any way solicit any input or negotiation from any of the holders of Profits Units.

[5] By signing the Notice of Treatment, Mr. Veitch, on behalf of Veitch Investments, was not releasing any claims that the new NCLC Units were not economically equivalent to the Profits Units nor any claim that he had been fraudulently induced to sign the notice of treatment by the Company's representations that the NCLC Units were economically equivalent to the Profits Units and that it had given him the same information as it had given everyone else, both current and former employees. To the contrary, the fraudulent misrepresentations made by the Company within the Notice of Treatment, coupled with the Company's fraudulent conduct both before and after the execution of that document serve as the basis for Plaintiffs' fraudulent inducement claim herein.

72. Later in the Prospectus, the following statement appears, making no linkage of the subject options to the conversion of the Profits Units but suggesting to the unsuspecting reader that the Company would be issuing regular incentive stock options after the IPO, just as most newly public companies would. (In fact NCL *did* issue new options in June and July 2013 priced at much higher market prices that were intended to be new additional incentives to management, but these were not the same as the Conversion Options granted at roughly half that price as part of the Profits Units conversion. They were, however, useful in creating smoke around the Conversion Options.) *"No new NCL Corporation Ltd. profits interests or Management NCL Corporation Units will be issued following this offering; however, we expect to grant options to acquire our ordinary shares to our management team at or shortly after the offering."* The carefully worded Prospectus disclosures continue: "*There will be 15,035,106 additional ordinary shares available for future awards under our new long-term incentive plan as of the consummation of this offering. We expect to grant approximately 3.7 million options to acquire our ordinary shares to our management team under our new long-term incentive plan at or shortly following this offering.*"

73. And further on: "*We expect to grant approximately 3.7 million options to acquire our ordinary shares to our management team under our new long-term incentive plan at or shortly following this offering. As soon as practicable, we intend to file a registration statement on Form S-8 under the Securities Act covering the ordinary shares reserved for issuance under our new long-term incentive plan (including the shares subject to the new option grants).*"

74. This attempt to portray the Conversion Options as being grants under a new go-forward incentive plan for management rather than as part and parcel of the fair value conversion of the Profits Units can have had only one practical purpose. At the tiny risk of being pulled up

by the SEC for making a misleading statement in an IPO prospectus, the Company saw this as a way of disclosing the existence of these soon-to-be-granted Conversion Options without alerting non-employee holders of the Profits Units that they were linked to the Profits Units conversion and that therefore they were being deprived of something to which they were entitled.

75. The misleading statements and obfuscation continued with the Company's subsequent SEC filings. Disclosures in the 2013 Proxy Form DEF-14A, filed on March 20th 2014, stated that options granted pursuant to the conversion of Profits Units in the Corporate Reorganization were linked to the vesting conditions of the unvested Profits Units at the time of conversion. (Phrases such as: "These amounts represent options issued in connection with the exchange of Ordinary Profits Units that maintain time-based vesting requirements.") The fact is, these Conversion Options were granted as part of the "economically equivalent" conversion of Profits Units according to a calculation that made no distinction between vested and non-vested units. The significance, though, is that no ex-employee had held unvested Profits Units at the time of the IPO, only vested Units.

76. An example of the economic significance of the share-based conversion option award can be seen by considering the Conversion Options award Mr. Sheehan ensured he himself received while insisting that former employees should receive nothing. In total, at the IPO, Mr. Sheehan received in exchange for 330,000 Profits Units a combination of 1,719,065 NCLC Units and 1,061,362 Conversion Options priced at $19. At the current $55 share price, the NCLC Units would be worth $94.5 million and the Conversion Options would be worth $38.2 million. At the $100 price target used in many of NCL's internal planning documents for the Profits Units conversion, his NCLC Units would be worth $172 million and the Conversion

Options $86 million. Roughly one third of the real world "value" of the conversion of his Profits Units was represented by the Conversion Options component of that conversion.

**The Amended and Restated Tax Agreement**

77. The Notice of Treatment explained that it is "possible that your NCLC Units will cause you to recognize your ratable share of U.S. taxable income that is earned by NCLC." Because the NCLC Unit Holders potentially would be liable to pay significant taxes on income that they in fact did not receive, the Notice explained that, in such a case, "NCLC will make 'tax distributions' to you to provide you with a source of available funds to help satisfy U.S. tax liabilities related to your ownership of NCLC Units." The Notice further explained that this was an "important new feature that was specifically included for the benefit of holders of NCLC Units such as yourself." (Notice of Treatment at p. 2) (Emphasis added).

78. The Notice of Treatment referred to an Amended and Restated United States Tax Agreement, effective as of January 24, 2013 ("Amended and Restated Tax Agreement" attached as Exhibit F), which specified that "the Company **shall** make distributions of cash to the Members at such times as may be required so as to enable the Members to pay their quarterly estimated United States federal income taxes related solely to their allocable share of the net taxable income and gain allocated to them for the prior quarterly period." (Emphasis added).

79. The Amended and Restated Tax Agreement specifically stated that the amount of cash to be distributed to each individual Member would be calculated by multiplying (A) the amount of income taxable in the U.S. allocated to such Member for the prior quarterly period, by B)….the highest applicable Federal and state income tax rate applicable to a resident in Florida. (*See* 3.(b)(i) of Amended and Restated Tax Agreement).

80. The Company was therefore required to calculate each quarter the amount of income allocable to each Member and to advise him/her of that amount, accompanied by a cash distribution in order for him/her to pay his/her estimated quarterly taxes.

81. In all matters concerning taxes and tax distributions, the Amended and Restated Tax Agreement stated that NCLH (the "Principal Member") would act as the "Tax Matters Partner." NCLH, in other words, and not NCLC, was in charge of all discretionary matters pertaining to NCLC's taxes and tax distributions, including whether NCLC should even make tax distributions. (*See* 3.(a) and 6.(c) of the First Amended and Restated Tax Agreement).

82. As NCLC noted at the time, the provision of tax distributions was an important benefit of the NCLC Units because, without this benefit, NCLC Units holders would most likely have to exchange a portion of their NCLC Units to ordinary shares of NCLH, and sell those ordinary shares to pay the income tax liability arising from the ownership of the NCLC Units. Such exchange and sale would itself also trigger a capital gains tax liability, requiring yet more units to be exchanged and sold to pay the tax. As a consequence of having to exchange and sell to pay the taxes (and to exchange and sell more in order to pay the capital gains tax on the first batch of units exchanged and sold), the NCLC Unit Holders would have fewer NCLC Units to appreciate during the projected continued growth in value of the Company and therefore the diminishing number of NCLC Units would increasingly fall short of reflecting the economic profile of the Profits Units for which they had been exchanged.

83. The promised tax distributions were intended to allow the NCLC Units holders to maintain a larger number of NCLC Units, which enabled them to obtain much greater appreciation over time, while also delaying any capital gains tax obligations. This important new feature was a part of the Company's attempt to make the conversion of the Profits Units into the

new NCLC Units **economically equivalent**, as required by paragraph 6 of the Profits Agreement.

84. However, the Amended and Restated Tax Agreement also required that such tax distributions be **repaid** at the time that the NCLC Units were exchanged for ordinary shares of NCLH. (*Id*. at Section 3(b)(iii)). The tax distributions were essentially repayable loans.

85. The Amended & Restated Tax Agreement provides that it "is the intent of the Members for the Company to be treated as a partnership for U.S. federal, state and local income tax purposes **and for each of the Members to be treated as partners in such partnership**. " Furthermore, it provides that this "agreement together with the Exchange Agreement and each Award Notice shall constitute the partnership agreement of the Company within the meaning of Section 761(c) of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulation Section 1.704-1(b)(2)(ii)(h)."

86. Thus, NCLH created a partnership with Veitch Investments and the other NCLC Unit Holders.

87. Since it was a partnership, if NCLH took non-tax distributions, it also had to provide pro rata distributions to the other partners. Thus, the Amended and Restated Tax Agreement also provides, in Section 3(a), that the "Principal Member may cause, in its sole and absolute discretion, the Company to distribute cash to the Members. **Any distributions to the Members pursuant to this Section 3(a) shall be made to the Members pro rata in accordance with their Membership Percentages**."

**NCLC Pays Tax Distributions to Sheehan and Other Holders of NCLC Units But Not to Veitch Investments**

88. Although the Amended and Restated Tax Agreement included a provision requiring absolutely that "the Company **shall** make distributions of cash to the Members at such times as may be required so as to enable the Members to pay their quarterly estimated United States federal income taxes related solely to their allocable share of the net taxable income and gain allocated to them for the prior quarterly period," in fact no distributions were made throughout 2013, nor in time for the January 2014 timing of Holders' final 2013 estimated quarterly tax payments.

89. Apparently, in spite of having gone through the extreme rigor of having its forward earnings forecasts dissected and tested by its investment banks in preparation for the January 2013 IPO, the Company had not, until sometime in the spring of 2014, made estimates quarterly in arrears of the income allocable to each NCLC Unit holder. It is clear, in fact, that in spite of what was recognized internally to be an obvious, material, tax disadvantage, the Company felt comfortable presenting one NCLC Unit as being economically equivalent to one NCLH ordinary share. But it was not – nowhere near. One NCLC Unit was worth a lot less than one NCLH share, because of its so-called K-1 tax burden in perpetuity, and furthermore it could only generate cash for its holder by being converted and sold, further diminishing its equivalence to a Profits Unit. And it is clear that amongst the senior management group overseeing the conversion at the IPO, there was concern that the NCLC Units were not as valuable as the company intended to portray them to both rank and file holders and ex-employee holders of Profits Units who would be receiving NCLC Units (and in the case of ex-employees, *only* NCLC Units) in exchange for Profits Units.

90. Under the Amended and Restated Tax Agreement it is clear that quarterly tax estimations in arrears should have started already with respect to Q1, 2013 and continued throughout 2013 and into 2014 instead of, as discussed below, starting in April 2014, some 15 months after the IPO. The natural assumption of any NCLC Unit holder at that time would have been that, in keeping with the verbal assurances given in connection with the Notice of Treatment, little to no allocable income would be reported and little to no tax liability would be building up unbeknownst to them.

91. By March 2014, however, it had become an unavoidably unpleasant fact that there would be substantial net taxable income allocated to the holders of the NCLC Units with respect to the 2013 taxable year. Upon information and belief, a substantial portion of this taxable income was being generated by NCL's very profitable Hawai'i business.

92. In fact, on March 26, 2014, NCL's Sr. VP of HR sent Mr. Veitch an email noting that NCL was already working on the estimated taxes for the NCLC Unit Holders and, he was told, NCL would be sending the estimate to the Unit Holders "no later than April 9."

93. On April 12, 2014, NCLC sent Veitch Investments an estimate, dated April 10th, that it would allocate $826,453 in ordinary income and $71,572 in long term capital gains to Veitch Investments for 2013. As its first quarter estimate for 2014, NCLC estimated in that same notice that it would allocate $935,927 in ordinary income to Veitch Investments for tax year 2014. These amounts were "phantom income" that Veitch Investments would never receive but on which it would now be required by the IRS to pay tax. This was an eminently foreseeable, but allegedly unforeseen, substantial negative impact of the NCLC Units having been structured the way they were. Plainly, one NCLC Unit was not economically equivalent to one NCLH share,

notwithstanding the assumption made to that effect in the calculation of how many NCLC Units to issue in the conversion of the Profits Units.

94. NCLC also sent similar estimates to all other holders of the NCLC Units.

95. Because of the substantial net taxable income allocated to the holders of the NCLC Units, NCLC was obligated to make the mandatory tax distributions as (a) mandated by the Amended and Restated Tax Agreement and (b) as part of a failed partial attempt to make the NCLC Units **economically equivalent** to the Profits Units as required by the Profit Sharing Agreement.

96. NCLC did in fact pay tax distributions to all **current** officer, director and employee holders of the NCLC Units (but, as explained below, not to Veitch Investments).[6]

97. Upon information and belief, these tax distributions were based on the preliminary reporting of 2013 allocable income and the estimate of 2014 income set forth in the notices distributed in April 2014 rather than on the much lower final calculations of K-1 income for 2013 which were eventually produced in the fall of 2014.

98. NCLC also made three additional quarterly distributions with respect to estimated 2014 K-1 income for tax year 2014 to the holders of NCLC Units who were **current** officers, directors or employees (but, as explained below, not to Veitch Investments).

99. Despite promoting the mandatory tax distributions as an "important new feature that was specifically included for the benefit of holders of NCLC Units," NCLC did not pay those same tax distributions to Veitch Investments.

[6] However, it was not quite so simple as NCLC paying such tax distribution to all current officers, directors, and employee holders, and not to Veitch Investments. Instead, there was still further discrimination. Two quite different levels of tax distribution were made: 1) to those officers who had not converted and sold any NCLC Units and 2) to those who had done so, even though all, without distinction, were subject to the same allocation of taxable income and the same obligation to pay income taxes.

**NCLC Amended the Tax Agreement in an Effort to Avoid Paying Veitch Investments**

100. In an attempt to provide a legal basis for avoiding its clear obligation to pay tax distributions to Veitch Investments, particularly when it paid tax distributions to the other holders of the NCLC Units, NCLC issued a First Amendment to the Amended and Restated Tax Agreement for NCL Corporation Ltd. (the "First Amendment"). (Attached as Exhibit G.)

101. While it is currently unknown when the First Amendment was actually finalized or signed, the First Amendment by its terms is made effective as of April 9, 2014. This was the exact date NCLC had earlier informed NCLC Unit holders, and Mr. Veitch specifically, that the preliminary K-1 for 2013 would become available.

102. Thus, either (a) upon discovering on or about April 9, 2014, that tax distributions would be due to Veitch Investments, NCL immediately purported to amend its tax obligations attempting to eliminate that obligation to it, or (b) sometime long after its obligation became due, NCL issued the new amendment in effect post-dating it to make it effective as of April 9, 2014, the exact day that NCL had targeted to advise the NCLC Unit Holders of their estimate of the taxable income that would be attributed to those units, despite the income not being received by the NCLC Unit Holders.[7]

103. The sole and only change in the First Amendment was to add a provision to Section 3(b)(i) stating that "the Company shall not be required to make a Tax Distribution pursuant to this Section 3(b) **to any Member who is not a current director, officer or employee** of the Company or any of its affiliates at the time such distribution is to be made, as determined in the sole discretion of the Company." (emphasis added).

[7] Whether the First Amendment to the Amended and Restated Tax Agreement was actually executed on April 9th 2014, the day before the notices were drawn up to send to NCLC Unit holders, or at some later time with a retroactive effectiveness, what is clear from the Company's SEC filings is that no such Amendment existed as of the end of 2013. It is therefore incontrovertible that tax distributions should have been made quarterly throughout 2013 and for the first quarter of 2014 to all NCLC Unit holders *without distinction* as required by the express terms of the Amended and Restated Tax Agreement referred to in the Notice of Treatment in February 2013.

104. Upon information and belief, the sole or primary purpose of the First Amendment was (a) to deprive Veitch Investments of its contractual right to the tax distributions based upon the prior Amended and Restated Tax Agreement, (b) to deprive Veitch Investments of its contractual right to have its NCLC Units be economically equivalent to the Profits Units, and (c) to deprive Veitch Investments of its contractual right to be treated no less favorably than any other holders of either the Profits Units or NCLC Unit.

105. In fact, by authorizing the discriminatory or differential treatment as to Veitch Investments, the First Amendment breaches the requirement set forth in the Award Notice that, with respect to any conversion of the Profits Units, Veitch Investments would "**be treated no less favorably (on a per unit basis) than any other holder of profits units under the Profits Sharing Agreement**." This Award Notice could not be amended without the written consent of Veitch Investments (as successor and assign to Mr. Veitch), and the First Amendment did not in any way amend the requirement of equal treatment in the Award Notice. Rather, the First Amendment breached the Award Notice.[8]

**NCLC Pays Gross-Up Distributions to Sheehan and Other Holders of NCLC Units But Not to Veitch Investments**

106. The substantial US taxable income being generated created additional problems for NCLH because, upon information and belief, NCLH was also exposed, under the partnership

[8] Leaving aside, for the moment, the even larger issue of the Company having deprived Veitch Investments of an economically equivalent conversion, including entitlement to Conversion Options, the claim is egregiously unsound that Veitch Investments was given the exact same equity instrument as everyone else in exchange for profits units. The Company's actions, as opposed to its words, reflect a belief that these particular, on-their-face-indistinguishable, exemplars of NCLC Units could be treated differently than the other NCLC Units and have their partnership distribution rights curtailed individually at the whim of some person or persons within the partnership. It is all the more preposterous, and the bad faith involved is all the more shameful, considering that Veitch Investments' receipt of NCLC Units was in exchange for coinvestment profits units that were actually *superior* in economic interest to the ordinary profits units held by the other recipients of profits units. But, in view of the brazen behavior with respect to depriving ex-employees of millions of dollars worth of Conversion Options, it is not surprising that the Company would play fast and loose with the NCLC Units too.

structure, to having higher income attributed to it, and having to pay much higher taxes, than it might have done under alternative structures.

107. NCLH was also faced with the realization that, under Section 3(a) of the tax agreement it would not be able to upstream, or dividend, cash to itself from NCLC without sharing that cash with the other partners, the holders of the Management NCLC Units.

108. By no later than September 2013, NCLH had begun to devise a plan to deal with both the substantial income being generated (and its desire to take distributions without providing pro rata distributions to the other partners), and with the tax bills. NCLH would migrate its tax residence to London, UK in order to take advantage of favorable tax treaties to eliminate its US taxes, and in particular the tax liability being created by the highly profitable Hawai'i business. To accomplish this goal, it would need to dissolve the partnership by eliminating the other members/partners and thereby make NCLC a disregarded entity rather than a foreign controlled partnership, and dissolving the partnership would have the added benefit of allowing NCLH to upstream as much cash as it wanted from NCLC without making pro rata distributions to the erstwhile other partners.

109. To insulate itself from tax liabilities on the increasingly rich earnings of the unique US flag Hawaii operation, and – notwithstanding a statement to the contrary in a February 2014 annual filing with the SEC -- to prepare itself to take 100% of NCLC's future substantial dividend stream amounting to almost a quarter of a billion dollars over the next 24 months, in September 2013 NCLH began holding its board meetings in London as part of its "Global Tax Platform" plan to relocate its tax residence from Bermuda to the UK.

110. NCL's obligations to Veitch Investments are not the only promises to have been disavowed and lightly cast aside. The effort to move its tax residence to London in order to pay

no tax whatsoever on the burgeoning profits from Hawaii was in flagrant disregard and breach of the firm promise and commitment made by the Company to the 108th United States Congress in 2003 that taxes would be paid on Hawaii profits, a promise that was central and indispensable in persuading the Congress to grant NCL the legislation needed to create this unique perpetual monopoly.

111. These efforts breached a promise to the United States Congress and the United States Treasury, while continuing to enjoy the extraordinary tax loophole known as Section 883 of the Internal Revenue Code, applicable to the rest of its non-Hawaii fleet, which allowed NCL in its most recent 2016 filings, for example, to pay cash tax of just $65,000 on $643 million of profits, an effective tax rate of around one-hundredth of 1%.

112. As the second step in the overall plan, NCLH decided it wanted to start funneling cash up to itself from NCLC but recognized that there would need to be pro rata distributions to its NCLC Unit holders as well, as Section 3(a) of the Amended and Restated Tax Agreement required "*Any distributions to the Members pursuant to this Section 3(a) shall be made to the Members pro rata in accordance with their Membership Percentages.*"

113. Instead of abiding by this agreement, NCLH unilaterally amended that agreement again – in a "Second Amended and Restated Tax Agreement" – to allow it to upstream cash as dividends without making any pro rata distributions to the other Members by adding the following language: "provided, however, **that the Principal Member may cause the Company to pay a dividend or make a distribution solely to the Principal Member, as otherwise permitted by applicable law, for such corporate or business purposes as the Principal Member shall deem necessary or appropriate in its sole and absolute discretion**." (Attached as Exhibit H.)

114. NCLH is one of the Members of NCLC, and is referred to as the Principal Member, but there is no provision for the Principal Member to drain NCLC of cash without also distributing cash pro rata to all the other Members.[9] No partnership permits the managing partner to drain the partnership of cash and leave all the other partners with empty pockets. The creation of the partnership in this case was a hurried and last minute change of plan immediately prior to the IPO. It is clear that NCLH regarded this "partnership" as merely an ignorable inconvenience when it came to funneling cash up to itself, just as it determined some time in 2014 not to pay substantial amounts of contractually obligated cash tax distribution to Members of the partnership whose good will it no longer needed in single minded pursuit of its own enrichment.

115. This Second Amendment to the Amended And Restated United States Tax Agreement of NCL Corporation Ltd., was made effective as of September 29, 2014

116. NCLH then prepared itself to cause NCLC to declare a massive a cash distribution of $73.4 million to be distributed to itself alone and not pro rata to any other Member, including Veitch Investments.

117. Subsequently NCLH caused NCLC to dividend up additional amounts, altogether totaling a quarter of a billion dollars over 24 months, with not one cent going to any of the Members who had received NCLC Units in 2013 and been told that one of their main attractions was that they were partnership interests that could be held forever without attracting tax until they were sold.

[9] In the unilateral amendment to allow itself to do this, NCLH formulated the inclusion of an ostensibly reasonable provision requiring that NCLH's capital account would be adjusted downward relative to the other partners in the event that it caused non pro rata dividends to be paid to itself. However, when it did this, NCLH and NCLC knew in advance that they were going to coerce the other partners into giving up their partnership interests before any dividend was actually paid, and so the required adjustment in capital account would be moot.

118. As the third step in their overall plan, NCLH set out to eliminate all of its partners (i.e., the NCLC Unit Holders) so that it could become not a partnership but rather the sole owner of NCLC. Being the sole owner of NCLC, instead of the controlling partner in a partnership, would allow NCLH to cause NCLC to pay cash distributions to it without having to pay cash distributions to any other partners, i.e., the NCLC Unit Holders. (And, as discussed above, this had the double benefit of enabling NCLH to escape all tax liability on the US taxable earnings of its domestic US shipping business.)

119. This plan is actually disclosed in the Company's SEC filings. In a Form 8-K filed on October 23, 2014, NCL explained its plan for NCLH to "become the sole member and 100% owner of the economic interests in the Company." It stated that "We expect that the extra SEC, financial and tax reporting and administrative costs associated with our current operating structure will be reduced as a result of the Parent becoming the sole member and 100% owner of the economic interests in the Company."

120. The listing of all these costs does not appear to acknowledge the largest savings of all which is the actual non-payment of millions of dollars of tax that would otherwise be owed.

121. The Company further disclosed that its plan was dependent upon the "named executive officers and other holders of Management Units exchanging their Management Units for ordinary shares of the Parent." In order to convince the named executive officers to agree to the plan, NCL decided to forgive their obligation to pay back the tax distributions and then, further, to gross up any taxes based upon that forgiveness.

122. This quid pro quo is expressly noted in the Company's 8-K filing on October 23, 2014:

> **Subject to each named executive officer's agreement to exchange his or her Management Units** for ordinary shares of the Parent on a specified date prior to

> the end of calendar 2014, each named executive officer will no longer be required to settle any outstanding non-pro-rata tax distributions through a reduction of proceeds otherwise payable as described above. We have also agreed to make a gross-up payment to each named executive officer in an amount such that, after all taxes are imposed on the gross-up payment, each named executive officer will retain an amount equal to our estimate of the amount of taxes imposed on the non-pro-rata tax distribution settlement. We currently estimate that the total amount of the non-pro-rata tax distribution settlement and gross-up payment for each named executive officer will be as follows: Kevin M. Sheehan ($2,910,768); Wendy A. Beck ($509,345); Andrew Stuart ($278,614); Maria Miller ($288,083); and Robert Becker ($91,499). [10]

123. This plan was presented to and approved by the NCLH Compensation Committee on October 17, 2014 and proceeded to be implemented. It was reported publicly in an 8-K filing with the SEC on October 23, 2014.

124. Thus, NCLC agreed to waive the requirement that the tax distributions be repaid, and NCLC made additional "gross-up" payments to the current officer, director and employee holders of the NCLC Units in order to neutralize, and thus pay, any additional taxes that would be due from the officers, directors or employees due to both the waiver of the repayment of the tax distribution and the gross-up payments.

125. Paying the tax distributions and then forgiving the requirement to repay them, together with making the gross-up payment, also was an after-the-fact attempt by NCL to make the NCLC Units economically equivalent to the NCLH shares that lay behind the NCLC Units and that constituted part of the economic equivalence in the conversion of the Profits Units.[11]

[10] Mr. Stuart and Mr. Becker arbitrarily received lesser distributions (and related gross up payments) per NCLC Unit than Mr. Sheehan. Mr. Sheehan, arbitrarily and self-interestedly, made sure that the highest tax distribution level and the highest tax gross up payment per unit applied to his NCLC Units; he ensured that a lesser amount applied to even his closest executive who is now today NCL's President and CEO; and he ensured that no distribution whatsoever and, therefore, no tax gross-up payment whatsoever, was made to Veitch Investments.

[11] Upon information and belief, none of these arrangements were presented for approval, or voted upon by the Board of Directors of Norwegian Cruise Line Holdings Limited, a publicly listed Company, and no compensation committee report regarding these payments was ever presented to the board for due consideration and adoption.

126. In contrast to its treatment of Sheehan and the other current officers and employees, NCLC did not make the mandatory tax distributions to Veitch Investments, did not make any "gross-up" payments to it, and did not forgive the repayment obligations. Veitch Investments estimates the payments that would have been due Veitch Investments had he received equal treatment to Sheehan would total well over $1 million for 2013 and 2014 alone. This, of course, still would not have made the NCLC Units economically equivalent to either the NCLH shares or the Profits Units *as at the time of issuance of the NCLC Units*, but merely would have been a *post hoc* adjustment intended to neutralize some of the damage year by year.

**The Decision to Terminate the Exchange Right**

127. Instead, on October 24, 2014 NCLC and NCLH sent Veitch Investments a "Notice of Termination of Right to Exchange NCLC Units" ("Termination Notice".) The Termination Notice stated that, pursuant to Section 2.3[12] of the Exchange Agreement, Management "intend[s] to terminate the ability to exchange your NCLC Units for ordinary shares of NCLH under the Exchange Agreement no later than December 31, 2014."

[12] Section 2.3 of the Exchange Agreement, however, does not authorize any such termination of those rights. Rather, Section 2.3 – entitled "Blackout Periods and Ownership Restrictions" -- sets forth an exclusive list of the time periods and circumstances under which Management can "refuse to honor a request for exchange of NCLC Vested Units." Those time periods are when NCLH does not have an effective registration statement, (Sec. 2.3(i)), when there may be material non-public information that may affect the trading price of NCLH ordinary shares or the sale of NCLH ordinary shares may be otherwise prohibited under the Insider Trading Policy (Sec. 2.3(ii)), if such exchange would be prohibited under applicable law or regulation (Sec. 2.3(iii)), any time as determined either by the Board of Directors or jointly by the Chief Executive Officer and Chief Financial Officer (Sec. 2.3(iv)), or until the consummation of the applicable Demand Registration and the termination, expiration or waiver of any related lock-up agreement or hold-back arrangements (Sec. 2.3(v)). Section 2.3 sets limited periods, and limited circumstances, under which NCLH may refuse to honor a request to exchange the NCLC Units. The fact that Sec. 2.3(iv) authorizes either the Board or the Chief Executive Officer and Chief Financial Officer acting jointly to refuse a particular request at a particular time does not authorize either the Board or the Chief Executive Officer and Chief Financial Officer acting jointly to simply refuse outright, and forever, any further requests to exchange the NCLC Units. It was never the expressly stated or implied intent to terminate permanently the exchange rights so fundamental to the value of the NCLC Units. In fact, the disclosures regarding the exchange rights set forth on pages 2 and 3 of the Notice of Treatment (including the examples given of certain types of refusals) clearly and unequivocally support the foregoing intent and understanding that the exchange right would be unlimited in time.

128. It went on to explain that, "As a result, if you fail to exchange your NCLC Units prior to this time, **your NCLC Units will cease to be liquid** and will no longer be eligible to be exchanged for NCLH's ordinary shares, which are publicly traded on the NASDAQ market. If you fail to exchange at this time, **you will also continue to be required to use your own funds to satisfy the U.S. tax liabilities related to your ownership of NCLC Units**."

129. The Termination Notice then warns "we intend to force [the] exchange of NCLC Units for ordinary shares of NCLH no later than December 31, 2014."

130. With this communication, NCL completed its about-face on the economic equivalence of the NCLC Units it had given Veitch Investments in return for the Profits Units. The Profits Units had entitled Veitch Investments to 1) receive a stream of cash distributions (qualifying as Long term capital gains) as and when the main shareholders progressively realized their investment by selling portions of their shares, 2) continue to be entitled to a defined constant share of the uplift in value of the Company, regardless of what Veitch Investments did with the cash received in 1) above, for so long as the main shareholders held some of their shares; and 3) to suffer no interim tax liability while the value of the Company continued to appreciate.

131. The NCLC Units had turned out to be of no value in generating cash for Veitch Investments unless actually converted to NCLH shares and sold, thus reducing Veitch Investment's share in the continued appreciation in the Company's value, and had generated a huge annual tax bill based on "phantom income" Veitch Investments would never receive. Now NCL was advising Veitch Investments that unless it converted all of its NCLC Units – which would necessarily involve selling a significant portion of the resultant shares to pay taxes, thus further reducing Veitch Investment's participation in the continued appreciation in the

Company's value – it would be forever locked into holding an instrument that a) would generate no cash and be forever unsellable, and b) would generate an annual tax liability in perpetuity that would have to be met out of Veitch Investments' own funds. The sham of NCLC Units being economically equivalent to Profits Units was finally and fully abandoned by NCL with the issuance of this Notice.

132. On November 6, 2014, faced with this strong-arm tactic, counsel for Veitch Investments wrote to NCL pointing out to the Company's lawyers that it did not have the right under its own governing documents to force conversion. The letter also demanded that NCLC and NCLH abide by their contractual commitment that Veitch Investments "**be treated no less favorably** (on a per unit basis) **than any other holder of profits units** under the Profits Sharing Agreement" by (a) paying Veitch Investments the mandatory tax distributions as had been paid to other holders of Profits Units, (b) paying Veitch Investments the "gross-up" payments as had been paid to other holders of Profits Units, and (c) waiving the requirement that such payments be repaid by Veitch Investments.

133. On November 10, 2014, counsel for Veitch Investments had a phone conference with counsel for NCLC and NCLH, again seeking to resolve this matter.

134. On that call, NCLC and NCLH made it clear that they refused to treat Veitch Investments as favorably as, or equally to, other holders of NCLC Units.[13]

135. Upon being told that they did not have the right under the governing documents to force a conversion – contrary to their aggressive communication that they intended to force a conversion - the Company did the same thing it had done to enable the discriminatory tax treatment of Plaintiff; it simply set about changing the documents to suit its aims.

136. On or about November 12, 2014, NCLC issued a First Amended and Restated Exchange Agreement. Section 2.1(a) of the First Amended and Restated Exchange Agreement states that "each NCLC Unit Holder shall be entitled, on any Exchange Date that is prior to December 31, 2014 (or such later date as is determined by the Board of Directors of NCLH)" to exchange the NCLC Units for ordinary shares of NCLH or cash.

137. The First Amended and Restated Exchange Agreement refers to a separate "Management Exchange Agreement" to be issued on or before November 14, 2014. It has become apparent in discovery that this Management Exchange Agreement contained a bribe to management to encourage them to accept the forced conversion of the NCLC Units. Although

[13] NCLC's refusal to make the mandatory tax distributions to Veitch Investments breached the Amended and Restated Tax Agreement, which mandated such tax distributions.

NCLC's refusal to make the mandatory tax distributions (as well as its failure to waive repayment of those distributions, and gross up the tax impact of the waiver) also breached the requirement in the Profit Sharing Agreement that required the NCLC Units to be economically equivalent to the Profit Units. Although economic equivalence could only be achieved through the issuance of a combination of both shares and options to buy further shares, the issuance of NCLH shares with a clear and liquid market value to satisfy the first part of this combination was eschewed in favor of the issuance of NCLC Units, a flawed instrument with limited liquidity and opaque value as a result of the perpetual and significant exposure to annual allocations of taxable "phantom income".

Finally, by making the mandatory tax distributions only to current officers, directors, and employees, and not to Veitch Investments, NCLC breached the requirement set forth in the Award Notice that required that, with respect to any conversion of the Profits Units, Mr. Veitch and Veitch Investments would "**be treated no less favorably** (on a per unit basis) **than any other holder of profits units** under the Profits Sharing Agreement." (Award Notice, at ¶ 3) (emphasis added). *De Facto*, NCL treated Veitch Investments NCLC Units as if they were a different class of unit – units whose rights and entitlements could be magiced away at the stroke of a pen by virtue of the identity and nature of their holder.

the Company's position when challenged by Veitch Investments was that it had the absolute right to terminate the exchange rights at any time, its stance with the management holders of NCLC Units was to offer them a ten million dollar bribe by way of forgiveness of repayment of the tax distributions (loans) and cash gross-up payments on top of that forgiveness in order to accept the termination of their rights. It disclosed in its SEC filings that it had made these payments "to facilitate the NCLC Conversion".

138. The termination of Veitch Investment's ability to exchange its NCLC Units would have made those units illiquid and valueless. The value of Veitch Investments' holding of NCLC Units, based on the price of ordinary shares of NCLH publicly trading at $40.35 per share at the closing of business on November 12, 2014, the date the exchange agreement was amended, was several million dollars. In other words, the termination of Veitch Investment's exchange right would have effectively deprived Veitch Investments of several million dollars. Moreover, despite their total illiquidity and loss of value, Veitch Investments would have continued to be liable to pay income taxes on its NCLC Units – income it would never receive and against which it would not receive any tax disbursements due to NCLC's earlier breaches of contract.

139. Because Veitch Investments could not risk the loss of this much value, nor the ruinous funding in perpetuity of taxes on income it would never receive, Veitch Investments was forced to submit a Notice of Exchange, against its wishes and with demonstrable subsequent economic harm.

140. The forced exchange was a further breach of NCLC's contractual obligation to provide securities of **economically equivalent** value. The forced exchange resulted in millions of dollars in taxes being paid in 2015, and ordinary shares being sold to pay for those taxes, with consequently fewer shares available to appreciate than would have been available with the

original Profits Units. It also "re-set the clock" with respect to long term capital gains, such that any profit on the sale of shares for more than the exchange price within one year of the exchange date would have been taxed at the top income tax rate rather than the much reduced capital gains rate. The forced exchange essentially froze for an entire year Plaintiffs' [Plaintiff's] flexibility in choosing a time to exchange and sell NCLC Units. During this year the share price rose to roughly $65 and then fell back again before the year was up. It still, almost two years later, has not returned to that level.

141. The forced exchange also has further undermined the alleged economic equivalence between the Profits Units and the equity-related interests into which they were converted, as represented to Veitch Investments by the Company and its lawyers, thereby breaching the Award Notice, the Profits Sharing Agreement and the Exchange Agreement.

142. The sum and substance of all of these unilateral contractual amendments in 2014 is that NCL realized its NCLC partnership structure was problematic as large amounts of income were being earned by NCL and attributed to the NCLC Unit holders. A lot of this income was being generated by NCL's highly profitable Hawai'i business, which was taxable in the United States, unlike the profits from NCL's international fleet, which were not so taxable. NCLH then sought to (a) insulate itself from tax liabilities on the increasingly rich earnings of the unique US flag Hawaii operation by relocating its tax residence from Bermuda to the UK and held its board meetings in London to reinforce this; and b) distribute the cash from NCLC to NCLH without making pro rata distributions to the other holders of NCLC Units. To do that, NCLH amended the tax agreement again to allow it to upstream cash as dividends without making any pro rata distributions to the other Members and activated a plan to cut out all the other Members by forcing the conversion of their NCLC Units into ordinary NCLH shares. NCLH benefitted by

this plan to the tune of a quarter of a billion dollars with not one cent going to any of the Members who had received NCLC Units. Thus, NCLH achieved its goal of a) keeping all the cash to itself, and b) paying no tax whatsoever on the burgeoning profits from Hawai'i in spite of the firm promise made by the Company to the 108th United States Congress in 2003 that taxes would be paid on Hawaii profits, a promise that carried the day in getting NCL the legislation needed to create this unique monopoly.

143. And regarding Veitch Investments' NCLC Units, the collection of putative attractions of these supposedly economically equivalent equity-related instruments had been shown to be simply a sham from the beginning within less than two years of their being communicated to Veitch Investments in the Notice of Treatment at the time of the IPO.

144. Consequently, *inter alia,* Veitch Investments appears to be the only entity or person associated with NCL to have paid any tax on the Hawai'i profits.

**The Relationship Between Sheehan's and NCL's Breaching of These Contracts And Sheehan's and NCL's Defaming Veitch**

145. In November 2014, Sheehan had closed the Prestige deal (the acquisition by NCL of another company controlled by Apollo) and started the integration of that business into NCL, had done what he believed was necessary to get NCLH's tax affairs to be as efficient as possible (by changing the Company's residency to the UK and unilaterally forcing a termination of the partnership structure) and had arranged for himself and the others to be given a total pass on the personal and substantially adverse tax impact of the initially bad tax planning he oversaw in the lead-up to the IPO by receiving tax distributions, being forgiven the obligation to repay those distributions, and receiving gross-up payments to eliminate any other tax liability on the forgiveness itself (a $2.9 million benefit for himself alone).

146. Suddenly in November Veitch and his lawyer appear, telling the Company that it cannot terminate the Exchange Rights, demanding that the Company pay Veitch Investments tax distributions and gross ups, and threatening to take legal action to enjoin the threatened changes which would derail the plans in the short time left before year-end.

147. At that same time, Sheehan's Chief Accounting Officer had been approached by NCL personnel, prompted by Veitch, asking about the decisions that had been taken outside of the Board regarding the NCLC Units, the tax payments, and the sudden forced exchange of the Units.

148. And Sheehan also had heard that there had been complaints made by employees through the proper chain of command about his sexual relationships with other employees in violation of Company policy, and there had been a loud and heated argument, overheard by others, with his CFO about that behavior.

149. Then on December 1, 2014 – right in the middle of all of this activity – Travel Weekly, the leading trade publication in the travel industry, publishes an article about Mr. Veitch, calling him a visionary, and arguing that "a case can be made that Veitch was the most influential and creative cruise CEO of the past decade." It concludes by noting that "Norwegian is now a public Company with a newly completed acquisition under its belt and a full order book of new ships for the future. Without Colin Veitch, Norwegian might not have survived to enjoy its newfound success."

150. Sheehan's reaction to this article – as set forth more fully below – was motivated in part by his anger at Veitch for threatening litigation that would have derailed his plans to terminate the NCLC Units, which would have impacted Sheehan's plans to avoid US taxes, for threatening litigation over Veitch's unfair treatment, for questioning the actions having been

taken without Board approval; and concern over his own reputation stemming from his widely known improper relationships with NCL employees, which he had heard about from members of senior management and likely others.

**Count I**
**Breach of Contract by NCLC and NCLH - Economic Equivalence**
**(By Veitch Investments Against NCLC and NCLH)**

151. Paragraphs 1-150 are hereby incorporated by reference.

152. The Profits Sharing Agreement specified that, upon a Qualified Public Offering, the Board of Directors of NCLC may convert the Profits Units "into an **economically equivalent** number of shares of common stock or other equity or equity-related interests." (*Id*. at ¶ 6.) (Emphasis added).

153. In connection with the January 2013 IPO, the Company converted Veitch Investments' Profits Units into NCLC Units.

154. In breach of paragraph 6 of the Profit Sharing Agreement, and contrary to the multiple statements made to Veitch Investments by the Company and its lawyers, the number of NCLC Units that Veitch Investments received was not economically equivalent to the number of Profits Units that Veitch Investments had held because:

a. The number of NCLC Units received was not sufficient to provide Veitch Investments with the payment of $10 million plus allow Veitch Investments to continue to share in 0.5% of the appreciation of the Company as the Profits Units would have pursuant to the requirements of the Award Notice and the Profits Sharing Agreement;

b. **Additional stock options (Conversion Options) were required to ensure that the fair value of the NCLC Units plus the fair value of the new NCLH options (Conversion Options) granted would be equal to the fair value of the Profits Units immediately before the conversion**, but those Conversion Options were never provided to Veitch Investments and the fact of their existence was deliberately withheld from Veitch Investments; and

c. In addition to the Conversion Options, tax distributions (sans repayment obligations), as well as gross-up payments, were also required to make the NCLC Units economically equivalent to the NCLH shares which they purported to mirror and on whose arms-length market value they were based, but those distributions and gross up payments were not made to Veitch Investments even though they were made to others. Furthermore, the NCLC Units were inadequate and deficient in mirroring Veitch Investments' Profits Units' distribution rights.

155. The failure of the Company to provide sufficient NCLC Units equal to $10 million plus 0.5% of the appreciation of the Company has caused Veitch Investments to suffer continuing economic harm of at least $10 million.

156. The failure of the Company to issue Conversion Options to Veitch Investments to e**nsure that the fair value of the NCLC Units plus the fair value of the new NCLH Conversion Options granted would be equal to the fair value of the Profits Units**

**immediately before the conversion**, has caused Veitch Investments to suffer continuing economic harm of at least $10 million.

157. In addition, the refusals to provide tax distributions, and subsequently to waive the obligation to repay those distributions, and to "gross-up" those payments, caused Veitch Investments to suffer actual additional damages in an amount to be determined at trial but currently believed to be in excess of $1 million.

158. In addition, the Company's refusal to acknowledge an obligation to "make whole" the tax disadvantage of NCLC Units versus NCLH shares (and in fact to cement this position by issuing an amendment to the tax agreement with the aim of enabling them to stand by this refusal), means that these equity-related instruments were intrinsically inferior to NCLH shares from the outset – without even considering their inadequacy and deficiency in mirroring the distribution rights of the Veitch Investments' Profits Units -- and should not have been attributed a value of $19.00 in the calculation used to establish the number of NCLC Units to issue. NCL should have issued a significantly greater number of NCLC Units at the outset in order to compensate for this systemic, permanent, lack of parity between the NCLC Units and the NCLH shares they purported to mirror. The amount of this adjustment will be determined at trial but Veitch Investments expects, at this stage, to be able to show that up to an additional c. 20% number of NCLC Units should have been issued with a current market value of c. $10 million.

WHEREFORE, **Veitch Investments** respectfully requests that this Court enter judgment against NCLC and NCLH, and award damages, including interest, costs, attorney's fees and expenses and all other relief that the Court deems just and proper.

**Count II**
**Breach of Contract by NCLC and NCLH - Unequal Treatment**
**(By Veitch Investments Against NCLC and NCLH)**

159. Paragraphs 1-150 are hereby incorporated by reference.

160. The Award Notice and the Profits Sharing Agreement are contracts between NCLC and Colin Veitch and Mr. Veitch's permitted assignee, Veitch Investments.

161. The Profits Sharing Agreement specified that, upon a Qualified Public Offering, the Board of Directors of NCLC could convert the Profits Units "into an **economically equivalent** number of shares of common stock or other equity or equity-related interests." (*Id*. at ¶ 6.) (Emphasis added). With respect to any such conversion, the Awards Notice specific to Mr. Veitch required that Veitch Investments (as successor to Colin Veitch) would "**be treated no less favorably (on a per unit basis) than any other holder of profits units under the Profits Sharing Agreement**."

162. When NCL did its IPO, it advised Veitch Investments that: "your outstanding profits units (the 'Profits Units') in NCLC granted under NCLC's Profits Sharing Agreement (the 'Profits Sharing Plan') were converted into an **economically equivalent** number of equity units in NCLC representing a capital interest in NCLC (the "NCLC Units")." (Emphasis added).

163. In contrast, and unknown to and withheld from Mr. Veitch, NCL advised other holders of profits interests that, in addition to said conversion: "you have been granted options in NCLH which are designed to preserve your upside opportunity in the company following the conversion of your Profits Units into NCLC Units. The purpose of these option grants is to provide current employees with an incentive award that, for accounting purposes, **ensures that the fair value of the NCLC Units plus the fair value of the new NCLH options granted will be equal to the fair value of the Profits Units immediately before the conversion**."

164. The fact that Veitch Investments received only NCLC Units for each Profit Unit, with no Conversion Options, while other holders received NCLC Units for each Profit Unit calculated in exactly the same way, AND ALSO received a grant of Conversion Options to "make whole" the fair value conversion of their Profits Units, is a breach of the clause requiring that Veitch Investments "**be treated no less favorably (on a per unit basis) than any other holder of profits units under the Profits Sharing Agreement**."

165. As a result of NCLC's and NCLH's breach, Veitch Investments has been damaged in an amount equal to its contractually entitled share in the real and continuing appreciation in the value of the Company as reflected in the number of Conversion Options that it should have received at the IPO that were necessary to "ensure that the fair value of the NCLC Units plus the fair value of the new NCLH options granted will be equal to the fair value of the Profits Units immediately before the conversion."

166. In addition, simultaneous with the conversion from Profits Units into NCLC Units, the Company amended its tax agreement to provide that mandatory tax distributions (loans) would be made to all holders of NCLC Units. The tax distributions did not have to be repaid until the holder converted the NCLC Units into common stock and realized a gain. That allowed the holders of the NCLC Units to be able to pay taxes without having to sell NCLC Units to pay taxes, meaning they had more NCLC Units to appreciate. This was perhaps intended to (but did not) make the NCLC Units economically equivalent to NCLH shares whose $19.00 IPO value had been attributed to NCLC Units in the conversion calculations. The Units would only be economically equivalent to NCLH shares if there was no obligation to repay the tax distributions and if any negative tax consequences of the tax distributions were "grossed up."

167. The tax distributions were mandatory for all holders of NCLC Units, regardless of whether they were current or former employees.

168. By paying tax distributions to current employee, officer and director holders of the Profits Units, but not to former employee and officer holders of the Profits Units, such as Veitch Investments, NCLC has acted as though the NCLC Units it had issued to Veitch Investments were somehow a different class of security than the NCLC Units held by employees, and has treated Veitch Investments less favorably on a per unit basis than other holders of Profits Units, and has thereby breached the Award Notice.

169. By waiving the requirement that the current employee, officer and director holders of the Profit Units who received tax distributions do not have to repay such tax distributions, and by grossing-up that benefit for income tax purposes for those holders by making further payments to them, but not providing Veitch Investments these same benefits and payments, the Company has acted as though the NCLC Units it had issued to Veitch Investments were somehow a different class of security than the NCLC Units held by employees, and has treated Veitch Investments less favorably (on a per unit) basis than other holders of Profits Units, and has thereby further breached the Award Notice.

170. As a result of NCLC's and NCLH's breach, Veitch Investments has been damaged in an amount equal to at least (a) the tax distributions that were due to Veitch Investments but were not paid, including the waiver of the repayment requirement, plus (b) the "grossing-up" of the tax distributions for Veitch Investments as was or will be done for other NCLH Unit holders, and (c) compensation for the lost appreciation on the shares Veitch Investments had to sell to pay the taxes on the allocated "phantom income".

171. Furthermore, the Company's refusal to acknowledge an obligation to "make whole" the tax disadvantage of NCLC Units versus NCLH shares means that (amongst other reasons) these equity-related instruments were intrinsically inferior to NCLH shares from the outset and should not have been attributed a value of $19.00 in the calculation used to establish the number of NCLC Units to issue. NCL should have issued a greater number of NCLC Units at the outset in order to compensate for this lack of equivalence between the NCLC Units and the NCLH shares. The amount of this adjustment will be determined at trial but Veitch Investments has been damaged at least by an amount corresponding to the current value of the additional units that should have been issued in order to compensate for the structural economic inferiority of NCLC Units to NCLH shares.

WHEREFORE, **Veitch Investments** respectfully requests that this Court enter judgment against NCLC and NCLH, and award damages, including interest, costs, attorney's fees and expenses and all other relief that the Court deems just and proper.

**Count III**
**Fraudulent Inducement by NCLC and NCLH – Notice of Treatment**
**(By Veitch Investments Against NCLC and NCLH)**

172. Paragraphs 1-150 are hereby incorporated by reference.

173. The Notice of Treatment contains the following material and false representations:

a. that "in accordance with the terms of the awards, your outstanding profits units (the 'Profits Units') in NCLC granted under NCLC's Profits Sharing Agreement (the 'Profits Sharing Plan') were converted into an economically equivalent number of equity units in NCLC representing a capital interest."

b. "your vested Profits Units … were converted into an economically equivalent number of fully vested NCLC Units," and

c. "Your Profits Units were converted into an economically equivalent number of fully vested NCLC Units . . . ."

174. At the time these representations were made, NCLC and NCLH knew the falsity of these statements and nevertheless included these false statements with the intention to induce Veitch Investments to rely upon them in signing the Notice of Treatment. Specifically, NCLC and NCLH did not convert the Veitch Investments' Profits Units into an *economically equivalent* number of NCLC Units, because 1) it knew the NCLC Units to be flawed in terms of capturing the economic benefits of the Profits Units and in mirroring the intrinsic value of the NCLH shares whose value it was presented as having, and 2) it had already determined that additional options to buy NCLH shares at the IPO price – Conversion Options -- were necessary to "ensure that the fair value of the NCLC Units plus the fair value of the new NCLH options granted will be equal to the fair value of the Profits Units immediately before the conversion," but had already determined not to provide Veitch with those Conversion Options and not to disclose to him the existence of these options or discuss with him the reasons why he was or was not eligible to receive these options.

175. In addition to the misrepresentations in the Notice of Treatment, NCL also made additional misrepresentations to Veitch orally and in emails.

176. On or about January 9, 2013 - ahead of the IPO – NCL's General Counsel, Dan Farkas, called counsel for Veitch Investments and affirmatively misrepresented that Veitch Investment's "rights will be fully protected." This statement was played back to Farkas by Veitch Investment's counsel in an email that same morning confirming the substance of the call.

177. On January 15, 2013, on a conference call with Mr. Farkas and NCL'S outside counsel at O'Melveny & Meyers, Mr. Farkas represented directly to Mr. Veitch and his counsel that his interests were being well looked after and that there should be no concerns about that.

178. Veitch and his counsel followed up seeking additional information from which they could evaluate the conversion. On February 13, 2013, NCL's external counsel, Chris Del Rosso of O'Melveny & Myers, wrote back stating - falsely as we now know - that *"Colin has been provided with the same informational materials as the other* ***current*** *and former employees that held outstanding profits units at the time of the NCLH reorganization and IPO."* This statement was false because the other current employees that held outstanding profits units received different informational materials. Those different materials specifically disclosed that a grant of options was required to ensure economic equivalence.

179. Mr. Del Rosso added that the Company "*is not able to (and is not required to) provide Colin with any additional information that is not being provided to other former profits units holders"*. This statement is also false because the Company had certainly provided other holders of Profits Units with information that was not being provided to Mr. Veitch. Applying its lowest standard of only being able to provide information that had been provided to other former profits units holders, the Company most certainly *was* able to provide that information to Mr. Veitch; it simply refused to do so in pursuit of its intentional deception and fraud.

180. Mr. Del Rosso also added that the Company would "*provide Colin with any supplemental materials that may be provided to other former profits units holders in the future*". This statement has turned out to be false. Whether it was intentionally false at the time – in keeping with the falsity of everything else that was being said to Mr. Veitch and his counsel – is something the Court can determine. What is clear, now that discovery in this suit has progressed,

is that all three of Mr. Del Rosso's statements served very effectively to mislead and misinform Mr. Veitch into believing that the treatment he was receiving was "no less favorable" than that received by any other holder of Profits Units.

181. Veitch relied on each of these misrepresentations – those made by Mr. Farkas and Mr. Del Rosso, and those made in the Notice of Treatment itself, when he signed the Notice of Treatment.

182. If NCLH and NCLC had made proper disclosures to Veitch Investments, and had not made false representations in the Notice of Treatment, Veitch never would have signed the Notice of Treatment. Rather, Veitch would have filed a lawsuit requiring NCL to provide Veitch Investments with full disclosure of how the calculation of economic equivalence was being made and for the award of an economically equivalent conversion, and for treatment no less favorable than the current employee holders of the NCLC Units received.

WHEREFORE, Veitch Investments respectfully requests that this Court enter judgment against NCLC and NCLH, rescind any binding effect that the Defendants' claim the Notice of Treatment has – and Veitch Investments strongly contends it has none -- and award damages, including interest, costs, attorney's fees and expenses and all other relief that the Court deems just and proper.

**Count IV**
**Breach of Notice of Treatment**
**(By Veitch Investments Against NCLC and NCLH)**

183. Paragraphs 1-150 are hereby incorporated by reference.

184. Plaintiff pleads Count IV in the alternative to Count III.

185. Defendants have argued that the Notice of Treatment constitutes a new and separate agreement by Veitch Investments and that such agreement included an agreement that

the NCLC Units were, in fact, economically equivalent to the Profits Units. Plaintiff disagrees that is the case, and the Court has denied the Defendants' motion to dismiss based on that argument. Nevertheless, to the extent that Defendants continue to assert that argument, and to the extent that any trier of fact were to believe that argument, Plaintiff hereby pleads Count IV in the alternative to Count III.

186. NCL's Notice of Treatment contains the following terms, representations and warranties:

a. that "in accordance with the terms of the awards, your outstanding profits units (the 'Profits Units') in NCLC granted under NCLC's Profits Sharing Agreement (the 'Profits Sharing Plan') were converted into an economically equivalent number of equity units in NCLC representing a capital interest."

b. "your vested Profits Units … were converted into an economically equivalent number of fully vested NCLC Units," and

c. "Your Profits Units were converted into an economically equivalent number of fully vested NCLC Units . . . ."

187. Veitch Investments could not ascertain whether the Profits Units were economically equivalent to the NCLC Units without additional information concerning NCL's projected income, how that projected income would be allocated to the NCLC Units, how such income would be taxed, how the tax distributions would impact the equivalence calculation, and how the securities law issues would impact economic equivalence, among other things.

188. Veitch asked NCL to explain how it had analyzed or determined economic equivalence. In response, however, NCL indicated that it would not disclose its analysis to

Veitch and that Veitch would instead have to rely upon NCL's representation that they were economically equivalent and that everyone had been treated the same.

189. Veitch understood that in the Notice of Treatment NCLH and NCLC were making assurances to Veitch Investments that Veitch could rely on the determination of NCLH and NCLC that the NCLC Units were in fact "economically equivalent" to the Profits Units.

190. Veitch understood that NCLC and NCLH in the Notice of Treatment were promising that the NCLC Units were in fact economically equivalent to the Profits Units and would remain so.

191. Veitch understood that NCLC and NCLH would stand by their contractual obligations and promises that the NCLC Units were economically equivalent to the Profits Units and would make Veitch whole if they turned out not to be economically equivalent.

192. Veitch understood from the Notice of Treatment and his correspondence with NCL that NCLC and NCLH were not asking Veitch to ascertain for himself that the NCLC Units were economically equivalent to the Profits Units.

193. Veitch in fact did rely on the representations contained in the Notice of Treatment that the NCLC Units were in fact "economically equivalent" to the Profits Units when he signed the Notice of Treatment.

194. In signing the Notice of Treatment, Veitch did not believe he was agreeing that the NCLC Units were in fact economically equivalent to the Profits Units, but instead Veitch

believed that he was acknowledging only that NCLH and NCLC were representing and promising that the NCLC Units were in fact economically equivalent to the Profits Units.[14]

195. In fact, it turned out that the NCLC Units given to Veitch Investments were not economically equivalent to the Profits Units and were instead, economically inferior to the Profits Units because, first, they did not mirror the Veitch Investments' Profits Units distribution rights and continuing share of the appreciation in the Company's value, second, they were not provided with the Conversion Options that were necessary to ensure that the fair value of the NCLC Units plus the fair value of the new NCLH options (Conversion Options) would be equal to the fair value of the Profits Units immediately before the conversion and, third, they were not issued in sufficient number even to compensate for their inferior intrinsic value versus the NCLH ordinary shares whose $19.00 IPO value they were attributed.[15]

196. NCL's attempt to neutralize this third difference by providing for tax distributions was inadequate in practice, was never provided to Veitch Investments in breach of numerous contracts, and was discontinued after its first year (or what should have been its second year). As to the second difference, NCL simply declined to issue the necessary Conversion Options and took numerous steps to conceal from Veitch Investments both the existence of such options and the their essential role in the economic equivalence of the conversion. As to the first difference,

[14] As the Court in *CBS Inc. v. Ziff-Davis Pub. Co*., 75 N.Y.2d 496 553 N.E.2d 997 (N.Y. 1990) held, "even if the buyer, or recipient of the warranty, questioned whether the warranty was accurate from the beginning, that does not change the fact that the warrantor is still liable for a breach." Instead, the "critical question is not whether the buyer believed in the truth of the warranted information … but whether it believed it was purchasing the seller's promise as to its truth."

[15] In addition, whereas the Profits Units could appreciate in value indefinitely without any taxes due until liquidation, and NCLH shareholders would only be taxable on actual receipts of dividend income, the NCLC Units were allocated "phantom income," which was not in fact received - and never would be received - but which nevertheless was taxable, which forced the Unit Holders to liquidate a portion of their NCLC Units to pay those taxes, which left the Unit Holders with fewer Units. This process of selling NCLC Units to pay taxes theoretically would have to be repeated year after year until there were no more NCLC Units available. The more successful the Company became in generating income, the faster the holders' holdings of NCLC Units would have to be sold to pay taxes on income they would never receive.

NCL abandoned all pretense of the NCLC Units being economically equivalent to Profits Units when it took the decision to terminate their exchange rights, landed Veitch Investments with a huge tax bill and reduced by over a fifth Veitch Investment's share of the Company's continuing appreciation in value.

197. As a result of NCL's breach of the Notice of Treatment, Veitch Investments has suffered significant financial damage in the form of having been given a number NCLC Units that were economically inferior to the number of Profits Units previously held, as well as economically inferior to the NCLH shares whose value they were attributed in the calculation of how many NCLC Units to issue.

198. WHEREFORE, Veitch Investments respectfully requests that this Court enter judgment against NCLC and NCLH, and award damages, including interest, costs, attorney's fees and expenses and all other relief that the Court deems just and proper.

**Count V**
**Breach of Covenant Of Good Faith And Fair Dealing**
**(By Veitch Investments Against NCLC and NCLH)**

199. Paragraphs 1-150 are hereby incorporated by reference.

200. All contracts are subject to a covenant of good faith and fair dealing. Where a contract provides one party with discretion, even sole and absolute discretion, that party still cannot undertake actions that are at odds with the intended and agreed expectations of the contract.

201. NCLC and NCLH have breached the covenant of good faith and fair dealing in exercising any discretion they had under the applicable contracts by (a) not converting the Profits Units into an economically equivalent number of NCLC Units and Conversion Options combined, to ensure that the fair value of the NCLC Units plus the fair value of the new NCLH

options (Conversion Options) granted would be equal to the fair value of the Profits Units immediately before the conversion (b) not making the mandatory tax distributions to Veitch Investments, (c) not waiving Veitch Investments' obligation to repay any tax distributions, (d) not providing Veitch Investments with the gross-up payments related to the tax distributions, (e) issuing the First Amendment that purports to eliminate NCLC's obligation to make mandatory tax distributions to Veitch Investments, (f) issuing the Second Amendment to the Amended and Restated Tax Agreement that purports to eliminate NCLH's and NCLC's obligations to pay pro rata cash distributions, (g) given (b) through (f), not issuing a larger number of NCLC Units to compensate for the economic inferiority of NCLC Units versus the Profits Units they were replacing and the NCLH shares whose value they were attributed in the calculation of how many NCLC Units to issue, and (h) in other related ways that will become clearer as discovery proceeds.

202. In addition, the Amended and Restated Tax Agreement states that the Agreement "may be amended only by the Principal Member in its sole and absolute discretion." NCL's exercise of discretion in amending that Tax Agreement with the specific purpose of denying Veitch Investments its contractual right to economic equivalence and equal treatment is a breach of the duty of good faith and fair dealing.

203. Moreover, the First Amendment to the Amended and Restated Tax Agreement, Section 3(b)(i) states that "the Company **shall not be required** to make a Tax Distribution pursuant to this Section 3(b) **to any Member who is not a current director, officer or employee** of the Company or any of its affiliates at the time such distribution is to be made, as determined in the **sole discretion** of the Company." Thus, NCL's decision to deny Veitch

Investments the tax distributions was, by its very nature, discretionary, making it automatically subject to the duty of good faith and fair dealing.[16]

204. In addition, the Second Amendment to the Amended and Restated Tax Agreement purported to remove the obligation of NCLH and NCLC to pay pro rata cash distributions to the NCLC Unit Holders. Such amendment, even if in the discretionary power of NCLH, breaches the duty of good faith and fair dealing.

WHEREFORE, Veitch Investments respectfully request that this Court enter judgment against NCLC and NLCH, and award damages, including ordering NCLC to (a) pay to Veitch Investments all overdue and future tax distributions as required by the Amended and Restated Tax Agreement (prior, and without giving effect, to the First Amendment), (b) waive the requirement to repay those tax distributions, and (c) provide a gross-up payment related to such waiver, and otherwise treat Veitch Investments as favorably as any other holder of NCLC Units with respect to those tax distributions, (d) compensation for the lost appreciation on the shares Veitch Investments had to sell to pay the taxes on the forced conversion, and (e) compensate Veitch Investments for the damages sustained as a result of the forced exchange.

**Count VI**
**Breach of Fiduciary Duty**
**(By Veitch Investments Against NCLH)**

205. Paragraphs 1-150 are hereby incorporated by reference.

206. With the Amended and Restated Tax Agreement, NCLH created a partnership under Delaware law.

[16] Moreover, regardless of whether or not NCL had any right to execute and enforce the First Amendment – and Veitch Investments strongly contends it did not – it is undeniable that, by its own terms, the First Amendment did not apply retroactively to obligations that had existed under the Amended and Restated Tax Agreement to make distributions quarterly from the date of that agreement onwards. The First Amendment's effective date was, purportedly, April 9, 2014. Nevertheless, the Company has consistently refused to make distributions to Veitch Investments with respect to the period from January 2013 until April 9, 2014, while making distributions to all other holders of NCLC Units with respect to that period. A clearer instance could hardly exist of naked discrimination arising from sheer bad faith and malicious ill will.

207. The Amended & Restated Tax Agreement provides that it "is the intent of the Members for the Company to be treated as a partnership for U.S. federal, state and local income tax purposes and for each of the Members to be treated as partners in such partnership." Furthermore, it provides that this "agreement together with the Exchange Agreement and each Award Notice shall **constitute the partnership agreement** of the Company within the meaning of Section 761(c) of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulation Section 1.704-1(b)(2)(ii)(h)."

208. Internally and externally, NCL repeatedly represented and explained the partnership. It explained, for example, that the "NCLC Units are contained within a **Partnership**," and the "**units are held in a partnership** in the US and that there is tax due on the **income from that partnership** attributable to each individuals **shares in the partnership**," and "under this process, management **partners bear the incremental tax** on the 'phantom income'," and even that as "a nonresident who is a **partner in a partnership** engaged in the conduct of a United States trade or business, you will have a filing obligation in the United States." Moreover, NCL regularly referred to the "**partnership structure**" and to a "**partner's capital account**" and "federal and state K-1's **for the partnership."**

209. Thus, NCLH created a partnership with Veitch Investments and the other NCLC Unit Holders.

210. NCLH was the principal member of the partnership, and the NCLC Unit Holders were the remaining members.

211. As the principal member of the partnership, NCLH owed fiduciary duties to the other Members.

212. NCLH as the principal member could have contractually limited its fiduciary duties but it chose not to do so.

213. These fiduciary duties include, but are not limited to, the duty not to use control over the partnership to advantage the principal member at the expense of the partnership.

214. NCLH breached its fiduciary duties, by (a) not converting the Profits Units into an economically equivalent number of NCLC Units and Conversion Options combined, to ensure that the fair value of the NCLC Units plus the fair value of the new NCLH options (Conversion Options) granted would be equal to the fair value of the Profits Units immediately before the conversion (b) unilaterally amending the Amended and Restated Tax Agreement to deprive Veitch Investments of its right to tax distributions, (c) unilaterally amending the First Amendment to the Amended and Restated Tax Agreement in order to deprive all of the other members of their right to pro rata cash distributions, (d) implementing and effectuating a plan to terminate the partnership despite the language in the Amended and Restated Tax Agreement that states that "No party to this Agreement shall make any election or otherwise cause the Company to cease being treated as a partnership for U.S. federal, state or local income tax purposes, (e) forcing Veitch Investments to exchange its NCLC Units into ordinary shares, causing significantly higher tax liability than if the conversion had not been forced at that time, and diminishing Veitch Investment's share in the upside growth of NCL's value, and (f) providing the other members with a waiver of the obligation to repay the tax distributions, and a payment to gross-up any tax liability that resulted from the waiver, while denying Veitch Investments the same treatment.

215. NCLH also breached the fiduciary duties it owed to Veitch Investments when it devised and launched a plan to renege on its promise to the United States Congress to pay taxes

on its Hawai'i business (by moving its headquarters to London to avoid those taxes), and instead use the income from that Hawai'i operation, and the taxes saved by the new plan, to distribute cash up to itself while unilaterally eliminating its contractual obligation to pay pro-rata distributions to its other partners, including Veitch Investments, by terminating their partnership interests and thereby causing excessive and unnecessary tax liabilities to Veitch Investments and harming the value of Veitch Investments' continuing interest in the appreciation in value of the Company.

WHEREFORE, Veitch Investments respectfully request that this Court enter judgment against NCLC and NLCH, and award damages, including ordering NCLC to (a) pay to Veitch Investments all overdue and future tax distributions as required by the Amended and Restated Tax Agreement (prior, and without giving effect, to the First Amendment), (b) waive the requirement to repay those tax distributions, (c) provide a gross-up payment related to such waiver, and otherwise treat Veitch Investments as favorably as any other holder of NCLC Units with respect to those tax distributions, (d) pay Veitch Investments its pro rata share of the cash distributions paid to NCLH, (e) compensate Veitch Investments for the lost appreciation on the shares Veitch Investments had to sell to pay the taxes on the forced conversion and (f) exemplary and punitive damages if allowed after a proper motion to amend the complaint to add such a claim.

**Count VII**
**Libel**
**(By Colin Veitch Against NCLC, NCLH, NCLB, and Sheehan Individually)**

216. Paragraphs 1-150 are hereby incorporated by reference.

217. All conditions precedent to the bringing of this libel action, if any, have occurred.

**Mr. Veitch's Reputation**

218. Mr. Veitch, a native of Scotland and a naturalized US Citizen, for many years earned an excellent reputation generally and in his occupations and business. In 2008, Mr. Veitch's last year as CEO of NCL, Norwegian was honored with 21 awards from a wide variety of sources, including *Condé Nast Traveler*, *Travel & Leisure*, *Family Circle*. It won Best Cruise Line from both *AOL Travel* and *Southern Living*. It also won awards for having the best suites, the best Hawai'i cruises, best Bermuda itineraries, Best Caribbean Cruise Line, best entertainment, and best dining experience. Mr. Veitch himself received several awards in recognition of his achievements in turning around NCL and of his support for travel agents and for seafarers of all nations.

219. These awards, which continued to accumulate in the years after Mr. Veitch's retirement, reflected the culmination of the fleet renewal program, the onboard product enhancements, and the brand campaign, all of which were designed and implemented by Mr. Veitch and the very strong team he built.

220. In addition to the numerous awards, Mr. Veitch's innovations continued to drive increased profits for NCL for many years. To this day, Wall Street analysts note the exceptional profile of its fleet, by far the youngest, most homogenous, and most distinctive of all the major cruise line fleets.

221. After Mr. Veitch retired as CEO of NCLC in November, 2008, he returned to a very private life.

222. He nevertheless continued to have an interest in the cruise line industry and in 2010, he quietly began working on a concept for two "ultra ships" that would be much larger than other ships and become their own destination. As he worked on this concept, he deliberately

kept both himself and the concept away from public view to prevent appropriation of the concept by others.

223. Mr. Veitch approached Virgin Group about the concept in 2011 and a number of Virgin executives engaged with him in confidential negotiations to explore the ultra-ship concept.

224. As Mr. Veitch privately worked on his concept, NCLH continued to enjoy the benefits of the work that he had done for the Company. On or about January 17, 2013, NCLH launched an initial public offering ("IPO"), raising some $450 million of new funds for the Company.

225. That successful IPO allowed NCLH in November 2014, to complete its acquisition of another strong cruise company, Prestige Holdings, operator of Oceania Cruises and Seven Seas Cruises.

226. Mr. Veitch, however, sought no public credit for NCL's success. He did not publish anything about NCL in trade or consumer publications and did not give interviews or comment on the running of NCL or its success. He did not so much as "tweet" or "like" or "comment" on any of NCL's social media accounts. Mr. Veitch's public silence did not, however, prevent one trade publication from praising the work he had done more than half a decade earlier when it reported about NCL's recent successes.

***The Travel Weekly* Article**

227. On December 1, 2014, *Travel Weekly* — the most influential and most honored news resource for the travel industry — distributed its online edition by email with the lead story entitled "Colin Veitch, visionary." (Hereinafter the "Article"). A true and correct copy of the Article is attached as Exhibit I.

228. The point of the story was that much of NCL's current success with its IPO and acquisitions and the appeal of its pipeline of new ships – even six years after Mr. Veitch's retirement – was properly credited to Mr. Veitch's management of NCL. The article stated:

> Six years ago, former CEO Colin Veitch quietly departed Norwegian Cruise Line as new ownership accepted his resignation and elevated Kevin Sheehan to his job.
>
> Veitch's tenure was marred by Norwegian's overly ambitious expansion into Hawaii, an operation the line has since cut from three money-losing ships to one profitable one.
>
> But a case can be made that Veitch was the most influential and creative cruise CEO of the past decade. Several innovations that Veitch either pioneered or popularized have been adopted by other lines, a tip of the hat to the competitive boost they've given Norwegian. The most significant has been the spread of dining choices to wide swaths of the industry. The latest to fall in line has been Royal Caribbean International, which debuted its "Dynamic Dining" on the Quantum of the Seas this month. Are there differences between "Dynamic Dining" and "Freestyle Dining?" Some. But would Royal have busted up its main dining room into four themed restaurants without the example from Norwegian to pave the way? At the very least, Veitch was ahead of the curve.
>
> Some of Veitch's inspiration for Freestyle Dining came from Star Cruises, which was full owner of the line when he was hired in 1998. In the Asian market, Star's ships had more dining choices. No one was sure the staffing for multiple galleys would work outside of Asia, but it has. Another wrinkle that grew out of Star's experience was the separate enclave for luxury passengers now called the Haven on Norwegian. It has been a boost to profits and has been cloned by MSC Cruises for its Yacht Club. Other cruise lines are doing more for their top passengers, as well, in part to respond to Norwegian's gambit.
>
> Under Veitch, Norwegian also bet on cabins for singles, putting 128 of them on the Norwegian Epic, complete with a dedicated lounge. They took space that would otherwise been used for low-yielding interior cabins and won gratitude from solo travelers everywhere. Now, Holland America Line has announced it will have cabins for singles on its Koningsdam, due in 2016.
>
> Not everything he tried worked, but Veitch took chances and the things that panned out were big changes for the industry. Norwegian is now a public company with a newly completed acquisition under its belt and a full order book of new ships for the future. Without Colin Veitch, Norwegian might not have

survived to enjoy its newfound success. [17]

229. Mr. Veitch was elated by the Article as he had no knowledge of its planned publication. He learned of the article through a number of his colleagues – both professional and social – advising him, congratulating him and saying it was well deserved. The article also fortuitously provided enormous value to Mr. Veitch in his intended legal action against the Virgin Group as it had become apparent to him by that time that Virgin had misappropriated Mr. Veitch's novel business idea and trade secrets.

230. Within a day or two of publication of the Article, however, Mr. Veitch's friends, colleagues and family members who tried to access the Article discovered that it had been inexplicably removed from the *Travel Weekly* website.

**Publication of the Sheehan Email**

231. Rather than welcoming the implicit characterization of NCL as having changed the industry for the better, and standing today as the benchmark for innovation in the cruise industry, Mr. Sheehan, acting in the scope and course of his duties as chief executive officer and acting on behalf of NCLC, NCLH, and NCLB sent a vindictive, false and defamatory email, penned personally by him, Mr. Sheehan (the "Sheehan Email"), to *Travel Weekly*, and in particular its Editor-in-Chief, Mr. Arnie Weissman, and its Publisher, Mr. Bob Sullivan.

232. The Sheehan Email stated:

> Not sure your writers do any fact-checking, but I have to tell you the article on my predecessor is absolutely insulting to our entire organization. As you can see from the attached, during his tenure, he introduced eight new ships and ended with operating income at 50% of when he came in. We currently are over 1000% above when he left, so not sure the basis of the "visionary."
>
> Freestyle was a mess, travel agents were taken for granted (if even paid), guests were treated poorly and our crew were ignored. By the way, Genting introduced the suite area but never figured out how to sell it. We named it the Haven years

[17]The Article was published at http://www.travelweekly.com/Cruise-Travel/Insights/Colin-Veitch-visionary/.

> later. He created a mess in Hawai'i and the Epic was hundreds of millions of dollars above what it should have been (compared to the Breakaway cost). The Studio cabins were completely rethought from a ridiculous concept by my predecessor of creating a space for young, urban singles (did he even understand the demographics of the industry?). Bathroom design and on and on.
>
> There is a reason that seven years later your visionary is out of work.

233. Upon information and belief, Mr. Sheehan also published the Sheehan Email to others, including lower echelon NCL employees having no corresponding interest in the subject of the Sheehan Email.

234. The Sheehan Email, and its defamatory *per se* statements, had an immediate impact, as Travel Weekly removed the Article from its online publication a mere two days later, on December 4, 2014.

**Falsity of the Sheehan Email**

235. The overall gist of the entire email falsely implied and conveyed that Mr. Veitch lacked basic competence as a chief executive officer, had made many decisions that had inflicted serious economic damage on the Company, and was so poorly regarded that he had been unemployable throughout the seven years from his departure.

236. In addition, the Sheehan Email also conveyed the following 11 false implications and statements of fact of and concerning Mr. Veitch:

**(1) "Not sure your writers do any fact-checking, but I have to tell you the article on my predecessor is absolutely insulting to our entire organization**."

a. This statement, when read in the context of the Article and the entire email, falsely implied and conveyed to readers that Mr. Veitch neither pioneered nor popularized innovations at NCL, that Mr. Veitch's actions as chief executive officer did not give a competitive boost to NCL, that Mr. Veitch's actions had not inspired changes in wide swaths of

the industry, and that Mr. Veitch should not be regarded as either having helped NCL to survive or having laid the groundwork for its successful initial public offering or acquisitions.

b. This statement, when read in the context of the Article and the entire email, instead falsely implied and conveyed to readers, that Mr. Veitch had harmed NCL through incompetent management, that Mr. Veitch had left NCL in dire financial distress, that NCL had been salvaged only through the work of his successor and other NCL employees, and that after retiring from NCL Mr. Veitch had been unable to find employment of any sort because employers in and out of the cruise industry regarded him as an incompetent chief executive officer.

**(2) "As you can see from the attached, during his tenure, he introduced eight new ships and ended with operating income at 50% of when he came in. We currently are over 1000% above when he left, so not sure the basis of the "visionary."**

a. This statement, when read in the context of the Article and the entire email, falsely implied and conveyed to its readers that Mr. Veitch, far from being a visionary, had made incompetent decisions and implemented policies for NCL that had seriously harmed NCL economically and necessitated a change in NCL management, and that Mr. Sheehan and others reversed NCL's course after Mr. Veitch's departure, dramatically increasing NCL's operating income and value.

b. The truth is that during his tenure at NCL, Mr. Veitch formulated and implemented decisions that transformed NCL from owner and operator of a fleet of old, unappealing, low-earning ships to owner and operator of a consistently high-earning fleet of purpose-built Freestyle Cruising ships and operator of a unique US-flagged business in Hawai'i. These significant changes in the NCL business mix – much more radical than undertaken by any other cruise line before or since – required large investments beyond merely the ships, and

entailed risk taking and even some setbacks that temporarily decreased company-wide operating income. But all the while Mr. Veitch continued to build a strong steady cash flow from the new Freestyle Cruising ships (which is the fleet Apollo invested in, as opposed to the total business). Throughout his almost nine years, Mr. Veitch's approach successfully created a pure modern international fleet generating the kind of cash flow that attracted Apollo to invest a billion dollars in it. His goal – successfully achieved – was to build the platform for long term value creation that has become dramatically apparent during the intervening years. In baking terms, Mr. Veitch developed the recipe, mixed the cake and put it in the oven; Mr. Sheehan made sure the oven didn't overheat and then took the cake out and sought approval for the spectacular cake he had baked.

c. The implications and statements conveyed also are false because they compare apples to oranges. The operating income of NCL as of 2008 was derived from its entire fleet of ships consisting of both its inefficient legacy ships that were being retired, and its new highly-profitable modern Freestyle Cruising ships as well as very substantial early-stage losses from the new Hawai'i operation, while the operating income of NCL in 2014 was derived solely from new highly-profitable modern Freestyle Cruising ships and the now very profitable Hawai'i business.

d. The ships of the Freestyle Cruising fleet were highly profitable when Mr. Veitch left the Company and provided an excellent platform for Mr. Sheehan then to work his cost cutting and refinancing. The new owners, Apollo, presented the strong earnings profile of the modern international fleet as the reason they had been drawn to the investment before Sheehan had even been hired.

e. No outsider, such as Travel Weekly, could have access to the performance

of each of the eight ships the Sheehan email refers to and could not judge whether and how each of these ships had impacted NCL's financial performance, and therefore whether Mr. Veitch had consistently over nine years introduced ships that caused the company's profitability to fall or whether some other analysis was equally or more valid.

f. Likewise, the Sheehan email deliberately selected a financial benchmark that is almost meaningless to knowledgeable observers in assessing how a company is actually performing, but sounds seductively simple to non-financial types, and Mr. Sheehan certainly knew that and exploited that. If nothing else, he is an accomplished presenter of financial information to support a narrative. It is telling that in his 20+ quarters of reporting financial results for NCL he never once dwelled on operating income as the metric the market should focus on. Instead, he consistently, without fail, focused on "Adjusted EBITDA" which is as close to "cash generated from operations" as modern accounting conventions allow for.

g. Mr. Veitch's performance as chief executive officer of NCL could not be evaluated simply by comparing the operating income of NCL at the time that he joined NCL to the operating income at the time that he left, or by comparing the NCL operating income to the operating income of NCL years later, as the Sheehan email falsely implied and conveyed to readers.

**(3) "Freestyle Was a Mess"**

a. This statement, when read in the context of the Article and the entire email, falsely implied and conveyed to readers that this NCL Freestyle Cruising program, which provided guests with flexibility for dining, dress, entertainment choice, overall scheduling, and other aspects of their cruise vacation, had not succeeded financially or with the public. To the contrary, "Freestyle Cruising" was and is one of "its most significant initiatives" which NCL

"believe differentiates us significantly from our major competitors," and NCL for many years has sworn to the truth of these statements under penalty of perjury in SEC filings.

b. NCL's statements about the Freestyle Cruising program were made in its Annual Reports for both 2007 (the last full year of Mr. Veitch's tenure) and 2008 (when Mr. Veitch resigned and Mr. Sheehan became CEO).

c. In fact, in the Annual Report for 2009, the first full year in which Mr. Sheehan was CEO, did not state that "Freestyle was a mess." Rather, it stated that "[t]he most important differentiator for our brand is the 'Freestyle Cruising' concept onboard all of our ships." Such statements have since been repeated in public filings year after year. What's more, Mr. Sheehan personally signed those filings under penalty of perjury.

**(4) "Travel Agents Were Taken For Granted (If Even Paid)"**

a. This statement, when read in the context of the Article and the entire email, falsely implied and conveyed to readers that Mr. Veitch took actions and implemented policies that harmed NCL by failing to foster good relations with independent travel agents as a source of income and by failing to compensate independent travel agents for the fair value of the service they delivered to NCL.

b. The NCL Annual Reports for both 2007 and 2008 stated directly to the contrary that "Since almost all of our sales are made through independent travel agents, a major focus of our marketing strategy is motivating and supporting the retail travel agent community."

c. In fact, under Mr. Veitch, 86.3% of NCL's passengers were booked through travel agents, the highest of any major cruise line in the industry. In addition, in July 2008, while Mr. Veitch was still CEO, NCL announced its Partnership 2.0 program and established an advisory board of leading travel agents to ensure continued progress in relations

between NCL and the travel agent community.

d. After Mr. Veitch's departure, Mr. Sheehan led a concerted push to direct business away from travel agents and toward NCL's own direct booking operation located in Broward County. The senior executive in charge of this effort became one of the top five compensated people in the Company.

e. In less than three years, in October 2012, Mr. Sheehan proudly disclosed to the financial community that the percentage of NCL's bookings now being made directly (i.e. without the involvement of a travel agent and, therefore, without the payment of 10-20% commission) had increased to 27%. This was, on the face of it, a substantial reduction in NCL's cost structure. Financial analysts may have been impressed, but travel agents, NCL's most important source of business, definitely were not.

f. The backlash from the travel agent community upon hearing this astonishing news was so severe that NCL was forced to backtrack and pledge its strong commitment to travel agents through a hastily constructed program named Partners First.

g. The new program, Partners First, promised to get serious about supporting travel agents and not to steal their customers. Through the dedicated efforts of NCL's internal sales organization led by Andy Stuart (now President and CEO of NCL), the potentially calamitous effect on NCL of Mr. Sheehan's narrow-focused push for cost savings was just barely avoided.

h. Tellingly, after Mr. Sheehan's abrupt departure from NCL, the replacement CEO was presented as "a passionate advocate for travel agents" (Interview with Andy Stuart for Travel Agent Magazine, February 2015), and the Company announced a huge increase in its budget for supporting travel agents, and an overall 40% increase in the number of

staff dedicated to supporting travel agents.

**(5) "Our Crew Were Ignored"**

a. This statement, when read in the context of the Article and the entire email, falsely implied and conveyed to readers that Mr. Veitch ignored the safety, health, and compensation of NCL crews.

b. The working conditions for the crew of NCL ships when Mr. Veitch joined the Company were poor, but when he left they were some of the best in the industry. He did not ignore the crew. He focused intently on ensuring that crews on NCL ships were safe, healthy, and fairly compensated. He was well aware that he could not successfully launch and promote the exciting new Freestyle Cruising concept without competent, enthusiastic and happy crew.

c. Mr. Veitch's first few cruises on NCL ships when he took over and sought to experience the existing product were marked by a barrage of complaints about crew conditions. During his subsequent near nine-year tenure, Mr. Veitch worked vigorously on improving crew conditions and raising the quality of passengers' experiences. By way of example, Mr. Veitch:

- Increased manning across all ships and reduced the workload of crew across all ships.
- Cracked down on drunkenness and sexual harassment and put enforcement teeth into new rules designed to create a supportive non-hostile workplace for everyone, including the greatly increasing numbers of female crew members joining the ships.
- Sanctioned the immediate firing of any manager demanding sexual favors or money in return for promotions or even favorable work-schedules.
- Supported enlightened captains, chief engineers, and hotel directors and fired those who regarded the ships as their personal fiefdoms and pleasure palaces.

- Enforced a strict code of conduct on shoreside staff visiting the ships and supported shipboard management in enforcing this code of conduct on even senior shoreside management.

- Introduced psychological testing and profiling for all senior officers as an aide to ensuring safe bridge management and also effective assignment of complimentary teams in the various main onboard areas.

- Increased the guaranteed monthly wage for all of the main customer-serving positions from $50 a month (incredible as that may seem) to variously $1,500 to $2,400 a month. He introduced an automated service charge on guests' bills to eliminate the demeaning tradition of crew members having to hustle for tips to augment their meager $50 wages. (A subsequent 20% increase in this service charge under Mr. Sheehan has gone, completely or in large part, to the Company's bottom line rather than into the pockets of the smaller number of crew - reduced in number, under Sheehan - doing the work of the previously larger work force.)

- In the design of his final ship, Norwegian EPIC, as well as in the prototype of Norwegian Breakaway developed with another shipyard in parallel with EPIC, Mr. Veitch pioneered single cabins for hundreds of rank and file crew members where such privacy had hitherto been the preserve of officers and department heads.

- Upgraded medical care on board and ashore for crew.

- Continued to be concerned about shipboard personnel even after his retirement. When the senior captain of the NCL fleet, and an inspiration to crewmembers across the fleet, lay dying in South Miami Hospital in 2011, having been suddenly taken ill on the bridge of Norwegian EPIC, he received many visitors and many phone calls over the almost three month period he was there, including multiple visits from Mr. Veitch who was by then already almost three years retired from NCL. Captain Vorren remarked that he had been surprised not only by who had come to see him, but also by who had not come to see him, pointing out that, in the course of his three-month hospital stay, the Company's CEO ought to have found time to make the 20 minute journey from the headquarters to the hospital. He died without CEO Sheehan having been to see him. This did not go unnoticed across the fleet.

d. In contrast to Mr. Veitch's treatment of the crew, Mr. Sheehan abused his position of power as CEO of the Company, violated numerous Company policies, and placed the

Company at great risk of civil liability, based on his longstanding improper relationships with numerous crew members, shoreside staff, staff of affiliated companies, and other travel industry-related personnel, which eventually ended with his abrupt termination from the Company.

e. The Company, with full knowledge of its CEO's behavior, persisted in employing him, before terminating him in December 2014.

**(6) "By the way, Genting introduced the suite area but never figured out how to sell it. We named it the Haven years later"**

a. This statement, when read in the context of the Article and the entire email, also falsely implied and conveyed to readers that Mr. Veitch had formulated and implemented ship design plans that had no foundation on market knowledge research, that had no chance of success, and that inflicted economic harm on NCL.

b. All cruise ships have suites, but the unique ship-within-a-ship concept which was initially called the Courtyard Villas and then renamed The Haven, was unambiguously developed during Mr. Veitch's tenure by Mr. Veitch and the Company's then chairman, Tan Sri K T Lim.

c. Star Cruises (now Genting HK) had ordered two ships for the Asian market in the late 1990's, including a series of interconnected bedrooms, plus a common lounge and outdoor area, at the top of the ship intended for six separate high-roller casino guests and their accompanying household servants. When these ships were transferred to NCL during their construction (becoming Norwegian Star and Norwegian Dawn), Mr. Veitch recognized the Asian configuration would be unsalable in the United States. Accordingly, he worked with NCL's chairman, K T Lim, and NCL's London-based designers to reconfigure this area completely, turning it into two huge self-contained three-bedroom suites, each with its own large living room, dining area, and service pantry and each with its own private garden and jacuzzi. He named these

the Garden Villas. They were very different in both layout and functionality from the original design. The original design never entered service, not on the NCL ships and not even on any Genting ship. Genting had nothing to do with the development of NCL's Garden Villa area or the service concept that went with it, and so Genting had never had the occasion or opportunity to "figure out how to sell it."

d. On the following ship order, specifically for NCL (Norwegian Jewel and Norwegian Jade) – three years into Mr. Veitch's tenure and six years before Mr. Sheehan's – the Garden Villa complex was expanded to bring a smaller grade of top-end suite into the exclusive area and to allow for a heightened level of service and guest experience. A series of two-bedroom suites with separate living rooms (as less expensive options to the three-bedroom Garden Villas) were designed around a private courtyard and pool area with its own gym and steam room, its own private sun deck, and with dedicated 24-hour butler service. These new suites were named Courtyard Villas and, together with the Garden Villas, were positioned as a "ship within a ship," where small ship luxury and exclusivity would be experienced, but with the choice, variety, and excitement of a big ship just an elevator ride away.

e. When Norwegian Epic was being designed, the great success and popularity of the ship-within-a-ship Courtyard concept (which was already being copied by at least one competitor) served to inspire a further development and expansion of the area. It became an exclusive ship within a ship spread over two private decks instead of one. In addition to the private pool, gym, and sun deck found on the other Norwegian ships, EPIC's villa complex now added a private concierge lounge, indoor and outdoor private restaurants, and a private bar, club, and casino. This area, as designed and specified by Mr. Veitch and Tan Sri K T Lim, has continued to be a central feature of all the newbuilds ordered by Mr. Sheehan and has

inspired a series of copycat designs across the industry.

f. It is true that this area was renamed The Haven after Mr. Veitch left. That is the only true, or remotely accurate, thing in Mr. Sheehan's statement.

**(7) "He created a mess in Hawai'i"**

a. This statement, when read in the context of the Article and the entire email, falsely implied and conveyed to readers that Mr. Vetch had formulated and implemented policies that economically harmed NCL's operations in Hawai'i.

b. Mr. Sheehan's profile on the NCL website (until his recent abrupt departure) included the following statement: "Since taking the helm in 2008, he has overseen major initiatives including...repositioning two of the line's Hawai'i-based ships creating a profitable business model…."

c. In fact, both of the two ships referred to were repositioned by Mr. Veitch, and the business was returned to profitability under Mr. Veitch before he handed it over to Mr. Sheehan. Just one day after taking over as CEO, on November 6, 2008, Mr. Sheehan himself announced to financial analysts that "our Hawai'i operation is now profitable."

d. Mr. Sheehan's pattern of taking credit for Mr. Veitch's work is all the more striking when one considers that the withdrawal and repositioning of the first of the two Hawai'i ships he claimed to have repositioned was announced on April 11, 2007, more than eight months before Mr. Sheehan even joined the Company as its Chief Financial Officer. The announcement of the second ship's withdrawal and redeployment was made on February 11, 2008, nine months before Mr. Sheehan took over as CEO. Both withdrawals and repositionings were personally handled by Mr. Veitch.

e. Mr. Sheehan never came within a thousand miles of Hawai'i or had

anything to do with the many, cumulative measures that were taken to turn the operation from loss making into profitability, including the securing by Mr. Veitch of legislation in Washington to allow NCL to use foreign crew on a US flag ship, and the development of a joint venture training facility with the Seafarers International Union in Maryland.

f. The "profitable business model" was devised and implemented – albeit not without considerable challenges and costs – by Mr. Veitch. The "profitable business model" consists of NCL offering a unique product on a US flagged and US manned ship, protected from foreign competition, and commanding super-premium revenues year-round (unique to Hawai'i as a cruise destination) to compensate for higher US labor costs, while enjoying the scale economies of the much larger overall business of NCL's international fleet. This robust business model did not exist while the previous Hawai'i operator was in business – prior to its bankruptcy. It was developed by Mr. Veitch long before Sheehan appeared on the scene to take the credit. The federal legislation that made it possible was secured by Mr. Veitch. The extremely low-cost ship that underpins the model was secured by Mr. Veitch out of a bankruptcy and finished in Germany (despite its sinking in the yard three months from delivery and its rebuilding a year later thanks to the largest maritime insurance claim settlement in Germany's history, also negotiated by Mr. Veitch). The further federal legislation that allowed NCL to stabilize the very high-turnover (and therefore insupportably expensive) US crew by weaving in foreign crew members from other NCL ships, was also obtained by Mr. Veitch. The US Coast Guard regulation that enabled this legislated foreign crewing to go forward in practice was negotiated by Mr. Veitch. The union-supported recruitment and training that enabled NCL to upgrade and stabilize the US majority of its crew was negotiated by Mr. Veitch. Apollo's reversal of its initial decision to exclude NCL's Hawai'i business entirely from the investment

deal was due to Mr. Veitch demonstrating to Apollo the longer-term profit potential and attractiveness of the business. Hawai'i was challenging and generated significant losses up front, but it is today an important and profitable part of NCL's overall mix because of Mr. Veitch's vision and tenacity. Mr. Sheehan has, again, sought to take credit for baking the cake when all that he did was take it out of the oven.

**(8) "The Epic was hundreds of millions of dollars above what it should have been (compared to the Breakaway cost)"**

a. This statement, when read in the context of the Article and the entire email, falsely implied and conveyed to readers that Mr. Veitch wasted hundreds of millions of dollars on NCL's acquisition of a ship christened as Norwegian EPIC ("The Epic").

b. NCL ordered The Epic in 2006, during a time when shipyards were full and cruise lines were competing for the few remaining ship building slots. The price for the Epic was competitive in that environment. In contrast, the Breakaway, another NCL ship, was ordered in 2010, a year after the financial crisis had begun. Shipyards were empty, and cruise lines received much keener pricing.

c. The last time such grim economic circumstances prevailed at shipyards was in the post-9/11 environment, and at that moment Mr. Veitch ordered two ships from Meyer Werft GmbH & Co., a German ship builder, at an even better price than Mr. Sheehan was able to obtain for Breakaway and Getaway, or indeed any other ships ever ordered by Mr. Sheehan.

d. As Mr. Sheehan found out toward the end of his abruptly terminated tenure, supply and demand have an impact on pricing; his last order of ships before he was replaced as CEO was in July 2014, when shipyard order books were once again healthy, and he was forced to contract at a price per cabin not only some 25% higher than Breakaway but also some 8% higher than Norwegian EPIC. As attractively priced though Norwegian Breakaway

was, it was not as good a deal as several of the ships Mr. Veitch ordered for NCL prior to EPIC, such as Norwegian Jewel, Norwegian Jade, and Pride of America, which continue to be major drivers of the Company's profitability.

e. The plain fact is that cruise lines add ships at a steady pace and the price of those ships varies significantly over time depending on the state of the shipyards' order books.

f. A more reasonable metric would have been to consider the rolling average cost as more and more ships were added. It is Mr. Sheehan and not Mr. Veitch, in fact, who holds the distinction of having placed the most expensive Euro-per-berth order in NCL's history.

g. As with everything else in Mr. Sheehan's record of denigrating Mr. Veitch's contributions, his actions seek to deflect attention from the contrast between his main contribution to NCL as a cost cutter and financial engineer and Mr. Veitch's main contribution as the visionary who set the course that NCL follows to this day and whose award-winning ship design for Norwegian EPIC has served as the detailed blueprint for all six of the ships Mr. Sheehan subsequently ordered.

**(9) "The Studio cabins were completely rethought from a ridiculous concept by my predecessor of creating a space for young, urban singles (did he even understand the demographics of the industry?)"**

a. This statement, when read in the context of the Article and the entire email, falsely implied and conveyed to readers that Mr. Vetch had formulated and implemented ship design plans that had no foundation on market knowledge research, that had no chance of success, and that inflicted economic harm on NCL.

b. The fact of the matter is that Mr. Veitch's concept was not aimed at "young, urban singles," but rather at providing an opportunity for solo travelers from any area and every walk of life, and to thereby maximize options and revenues.

c. It was Mr. Veitch's interest in understanding the shifting demographics of

the cruise market that led him, via a demand-oriented intelligence service he had long had NCL subscribe to (and which was cancelled by Mr. Sheehan in his push to cut costs), to identify during the ship design process in 2005/2006 that over 40% of all households across the United States contained only one adult.

d. The configuration of these households undoubtedly may have included young urban singles, but much more importantly also included never-married single parents, divorced adults with kids, divorced adults without kids, older adults left widowed, and a whole range of other configurations of people of all ages and incomes.

e. Multiple design concepts were developed, including several intended to accommodate single parents with children in a way that had them together in a cabin but nevertheless giving the parent some privacy.

f. The focus on young urban singles, if indeed that is what Mr. Sheehan found at some point, may have been developed by the design team or the marketing group after Mr. Veitch's departure, while Mr. Sheehan's attention was focused elsewhere on cost cutting,

g. There is certainly nothing in Mr. Veitch's extensive background, including seven years as SVP Marketing at Princess Cruises, and nine years of building the new NCL to address unaddressed needs in the market, to support the statement that he did not understand cruise industry demographics. A more plausible explanation is that Mr. Sheehan, with no experience in cruise ship design whatsoever, allowed too many details and decisions to be made too far down the newbuilding organizational structure.

h. It was Mr. Sheehan, in fact, who introduced these cabins as being akin to tiny New York studio apartments, the likes of which he had occupied and thrived in as a young urban single making his start in life in the Big Apple (a follow-up event was even held there

where the concept was repeated).

i. After travel agents told him his concept would not work, his response was to go back to the concept originated by Mr. Veitch. Today's singles cabin concept is exactly as Mr. Veitch originally envisaged it, appealing to broad demographics, and it has been adopted across the industry in multiple new ship designs. In fact, the highly distinctive design scheme and layout of the singles cabin Mr. Veitch developed for Norwegian EPIC remains unchanged on the six ships Sheehan ordered thereafter.

j. Moreover, a keen understanding of demographics enabled Mr. Veitch and NCL to create Freestyle Cruising and to design the youngest, most modern fleet of ships in the industry. Mr. Sheehan's statement that Mr. Veitch did not understand the demographics of the industry is also knowingly false and defamatory.

**(10) "Bathroom Design and On and On."**

a. This statement, when read in the context of the Article and the entire email, falsely implied and conveyed to readers that Mr. Veitch had formulated and implemented ship bathroom design plans and had made other unspecified management decisions that had been harmful to NCL.

b. Because Mr. Sheehan was the chief executive officer at the time that he made this statement, the readers of his email would have understood that Mr. Sheehan had complete access to information regarding the management decisions made by Mr. Veitch and the economic impact that they had had on the Company. Because Mr. Sheehan did not delineate the referenced decisions made by Mr. Veitch, but instead simply indicated that the number of harmful decisions by Mr. Veitch went "on and on," readers would conclude that Mr. Veitch engaged in extensive acts of mismanagement and that this resulted in his termination from the

Company.

c. The truth is, as *Travel Weekly* correctly had concluded prior to receiving the Sheehan Email, that Mr. Veitch's decisions dramatically improved NCL's fortunes throughout his tenure and positioned it for great success in the years that followed his departure. The new owners, attracted by the strength and potential of what he had built, advised Mr. Veitch that they had decided that the building and transformation phase, led by someone with his qualities, was now complete and the cost-cutting, financial engineering, consistency of results phase was now needed to prepare for an IPO, and that someone with Sheehan's record in those sorts of things was now needed. Against that, Mr. Veitch agreed a staged handing over to Mr. Sheehan during the second half of 2008 and an eventual separation from the Company on good terms in January 2009, satisfied with, and proud of, his many accomplishments there.

**(11) "There is a reason that seven years later your visionary is out of work."**

a. This statement, when read in the context of the Article and the entire email, falsely implied and conveyed to readers that Mr. Veitch sought employment and was unable to obtain employment due to his poor performance as chief executive officer of NCL.

b. In fact, Mr. Veitch has not sought any employment since retiring from NCL.

d. Instead, Mr. Veitch quietly developed a plan for a new cruise company, and enlisted the Virgin Group as a brand partner.

e. Instead of proceeding as a brand partner, however, the Virgin Group reneged on the agreement it had reached with Mr. Veitch and misappropriated his business idea for entering the cruise industry.

f. At the very moment Mr. Sheehan was making his defamatory "out of

work" remark, Mr. Veitch was five years into a six-year process that started with his development in 2010 of a highly-novel and breakthrough business plan to launch a new cruise line, and his own funding of this early stage venture, and ended early last year with a mutually satisfactory confidential settlement of a lawsuit with the Virgin Group and Virgin Cruises which are now proceeding with the launch of an exciting new cruise line. It is telling, in the context of the discussion below of "malice," that Mr. Sheehan, after his departure in disgrace from NCL, took it upon himself to act as Virgin's highly-paid expert in developing a comprehensive disparagement of the originality and insight of the business plan Mr. Veitch had taken to Virgin in 2011 and to which Virgin had so excitedly signed up as business partner. His "expert" perspective was also to cast strong doubt on Mr. Veitch's management ability to deliver this plan. Even when he should have been reflecting on the errors of his own ways at NCL that resulted, ironically, in him being the one who was "out of work," yet his impulse was to make money ($1,000 an hour) out of disparaging Mr. Veitch.

**Implied and Express Malice of the Defendants**

237. The false implications and statements conveyed in the Sheehan Email are defamatory *per se* and thus give rise to a presumption that the Defendants published them maliciously, that is, with ill will, spite, hatred and a primary intention to injure Mr. Veitch's business, good name, and reputation, because they directly attacked Mr. Veitch's fitness for his business.

238. As important, the Defendants actually were motivated to publish the Sheehan Email in bad faith, with ill will, hatred, and spite, for reasons that were not warranted and for the express purpose of injuring Mr. Veitch. Mr. Sheehan had been jealous of his predecessor's success from the commencement of his tenure as chief executive officer. He found that his

predecessor's good reputation impeded his own aspirations and his jealousy of Mr. Veitch was further fueled by his own poor reputation at NCL that developed after he engaged in numerous acts of misconduct and ultimately led to his unceremonious termination by the NCL Board of Directors in January 2015. Publication of the Sheehan Email in December, 2014, constituted a last, desperate act of the Defendants to destroy the reputation of Mr. Veitch in order to salvage Mr. Sheehan's own reputation and career. While it failed to achieve the latter objective, it did much to blacken Mr. Veitch's otherwise spotless reputation.

**Actual Malice of the Defendants**

239. The Defendants not only acted out of ill will, hatred and spite in their publication of the Sheehan email, they also knew that each and every implication and statement conveyed by the Sheehan Email, as set forth above, was false or they recklessly disregarded the falsity of each and every implication and statement conveyed to readers.

240. Mr. Sheehan, as chief executive officer of NCL, had full and complete access to information which actually alerted him to and provided him a subjective awareness of the falsity of the overall gist of the Sheehan Email as well as the falsity of each the eleven individual implications and statements conveyed.

**Presumed and Actual Injury**

241. Mr. Veitch suffered actual injury proximately caused by the publication of the Sheehan Emails, including but not limited to emotional distress, general reputational harm, and the specific reputational harm of having a very flattering article removed from the *Travel Weekly* website at a time that Mr. Veitch was proceeding with his action against the Virgin Group concerning the development of the ultra ship concept. The precise monetary value of the harm is

currently unknown but is in excess of $75,000.

242. Mr. Veitch reserves the right to amend this Complaint to seek an award of punitive damages in accordance with the procedures set forth in section 768.72, Florida Statutes (2016).

243. In particular, an individual's repeated utterances of defamatory statements are evidence of ill will and malice, and Mr. Veitch has recently discovered, from employees who have worked for Mr. Sheehan, as well as others in the industry, that Mr. Sheehan has been making gratuitous, disparaging, and derogatory statements regarding Mr. Veitch for many years

244. Upon information and belief, Mr. Sheehan also made similarly defamatory statements regarding Mr. Veitch's work to senior members of KfW-IPX Bank ("KfW"), the leading German government-supported development bank, which finances the construction of cruise ships, and to others working with KfW at that time. Mr. Sheehan made these statements on numerous occasions, including from 2009 through 2012. Mr. Sheehan falsely claimed to KfW that Mr. Veitch had made a big mess in Hawai'i and Kevin Sheehan had cleaned it up.

245. Mr. Sheehan also made other defamatory statements, similar to those he sent to *Travel Weekly*, to other entities working with KfW at that time, including to Meyer Werft shipyard and to other commercial banks involved in ship financing for Mr. Veitch's planned new venture.

246. Upon information and belief, Mr. Sheehan has made similarly disparaging statements about Mr. Veitch to Apollo going back as far as 2008 and continuing through to 2015.

247. Due to the frequency and widespread publication of the repeated defamatory statements, NCL has been on notice for many years that Sheehan was making disparaging statements regarding Mr. Veitch, and have failed to take any steps to stop him.

248. As a result, Mr. Sheehan's ability to continue disparaging and defaming Mr. Veitch from a position of power and authority continued unabated and unchecked by the Board of Directors for years.

WHEREFORE, Plaintiff Veitch demands judgment against the Defendants for presumed, actual and compensatory damages (punitive damages if allowed upon motion by Plaintiff Veitch), attorneys' fees and costs, pre-and post-judgment interest, and any and all further relief that is proper and just.

**Count VIII**
**Libel**
**(By Colin Veitch Against NCLC, NCLH, and NCLB)**

249. Paragraphs 1-248 are incorporated here by reference.

250. This is an action for libel by Veitch against NCL which arises from NCL's publication on or about March 13, 2017 of false and defamatory statements to The Miami Herald of and concerning Veitch.

251. All conditions precedent to this action, if any, have occurred.

252. Mr. Veitch for many years has earned and enjoyed an excellent reputation generally and especially with regard to his integrity and honesty.

253. Since his retirement from NCL in 2008, Mr. Veitch has not sought pubic or press attention and has only rarely been mentioned in press reports.

254. On November 23, 2016, Veitch Investments 3, LLC and Mr. Veitch filed the Complaint in this action.

255. Mr. Veitch included in the Complaint a libel action against NCL and Mr. Sheehan to attempt to maintain his good name, to recover for the harm that he had suffered, and to deter future publication of false and defamatory statements about him. Mr. Veitch took no action to

call the lawsuit to the attention of the press or public prior to the filing of the suit, going so far as to time the filing of his complaint to the evening before Thanksgiving in order to minimize the likelihood of it being reported by the press (with complete success as over three months transpired before the first published report regarding the suit).

256. After the press eventually learned of his prior libel action (over three months after it had been filed), Mr. Veitch declined to speak publicly about it.

257. On February 2, 2017, NCL and Mr. Sheehan moved to strike paragraphs 11, 144(5)(d) and (e), 146, and 151 of the Complaint, contending, *inter alia*, that these allegations were immaterial, impertinent, and scandalous. The motion did not claim that any of the allegations were false or outrageous.

258. On February 28, 2017, prior to a ruling on the motion to strike, Veitch Investments 3, LLC and Veitch filed an Amended Complaint.

259. On March 2, 2017, NCL and Sheehan filed a motion to strike paragraphs 11, 12, 172(5)(d) and (e), and 174 of the Amended Complaint on the grounds that these allegations were immaterial, impertinent, and scandalous. Again, this motion did not contend that any of the allegations of the Amended Complaint were false or outrageous.

260. On Friday, March 10, 2017, after the lawsuit had been pending for more than three months, an industry publication called *Skift* published an article about the case. The *Skift* article discussed NCL's motion to strike and quoted from it. A true and correct copy of the *Skift* article is attached as Exhibit J.

261. On Monday, March 13, 2017, *The Miami Herald* also published an article about the lawsuit. A true and correct copy of *The Miami Herald* article is attached as Exhibit K.

262. Both the *Skift* article and *The Miami Herald* article quoted allegations from paragraphs 11, 12, 172(5)(d) and (e), and 174 of the Amended Complaint.

263. *The Miami Herald* article also reported that although NCL "has a policy of not commenting on matters of litigation," it "made an exception for this case."

264. *The Miami Herald* article continued, quoting from a statement by the Company: "In light of the outrageous and false statements made by Mr. Veitch, [Norwegian] will respond on a very limited basis to confirm that it will be seeking sanctions against Mr. Veitch and his counsel for the improper allegations contained in the lawsuit," said Vanessa Picariello, a spokeswoman for the cruise company. (Ex. K.)

265. Picariello acted as spokesperson for NCL and was authorized to provide that statement to *The Miami Herald* on its behalf.

266. Sure enough, on March 17, 2017, Defendants followed through on their public statement to "seek[ing] sanctions against Mr. Veitch and his counsel for the improper allegations contained in the lawsuit", and filed their motion seeking sanctions. That motion was denied and no sanctions were ever entered.

267. The statement published by NCL through Ms. Picariello conveyed to readers directly or by implication the following false and defamatory statements of fact of and concerning Mr. Veitch:

a. Mr. Veitch is a liar who knowingly published to others false and outrageous statements.
b. Mr. Veitch is a liar who knowingly published Paragraphs 11, 12, 172(5)(d), 172(5)(e), and 174 in the Amended Complaint which contained false and outrageous statements of and concerning NCL and Mr. Sheehan.
c. Mr. Veitch engaged in conduct that violated court rules and warranted the imposition of sanctions on him and his counsel.

268. Each of the statements conveyed by NCL is false.

269. Mr. Veitch is not a liar.

270. Mr. Veitch did not publish any statements that were false or outrageous.

271. Mr. Veitch did not know any statements that he published were false or outrageous.

272. Mr. Veitch based the allegations in Paragraphs 11, 12, 172(5)(d), 172(5)( e), and 174 of the Amended Complaint on information provided to him by reliable individuals and who Mr. Veitch believed were providing him truthful and important information concerning the safety and financial well-being of NCL, a company in which he held a large economic interest.

273. Neither Mr. Veitch nor his counsel violated any Court rules.

274. NCL knew at the time that it published its statement to *The Miami Herald* of and concerning Mr. Veitch that those statements were false or it recklessly disregarded the falsity of those statements.

275. NCL maliciously published its statement to *The Miami Herald* in retaliation against Mr. Veitch for the lawsuit that he had filed against it on November 23, 2016, and with ill will, hatred, and spite, and NCL was motivated to publish those statements primarily by its desire to injure Mr. Veitch.

276. On March 20, 2017, Mr. Veitch provided notice to NCL of the false and defamatory statements contained in its statement to *The Miami Herald*. NCL failed to publish any retraction, correction, or apology relating to those statements.

277. On March 23, 2017, the Court conducted a hearing on the motion of NCL and Mr. Sheehan to strike paragraphs 11, 12, 172(5)(d) and (e), and 174 of the Amended Complaint. At that hearing, the Court announced that it would strike paragraph 12, but none of the other

allegations of the Amended Complaint. The Court later memorialized that ruling in a written order dated June 20, 2017.

278. NCL foresaw when it made its statement to *The Miami Herald* of and concerning Mr. Veitch that it would be widely republished in the print and online editions of *The Miami Herald* and NCL's statement was in fact widely distributed through *The Miami Herald*.

279. The false and defamatory statements made by NCL to *The Miami Herald* are libel per se because an accusation that a person is a liar is defamatory as a matter of law, and because NCL stated or implied that Veitch was pursuing a lawsuit based upon false statements, which would be incompatible with the proper conduct of his business or profession.

280. Mr. Veitch has suffered damages proximately caused by the false and defamatory statements published by NCL to *The Miami Herald*, including but not limited to emotional distress and reputational harm, in an amount that is currently unknown but in excess of $75,000.

281. By reason of NCL's libel, Mr. Veitch is entitled to both general damages and all actual and compensatory damages proved at the time of trial.

WHEREFORE, Mr. Veitch demands a jury trial on all issues triable by jury, a joint and several judgment against NCL for presumed, actual, and compensatory damages, costs, pre-and post-judgment interest, and any and all further relief that is proper and just.

Dated August 8, 2017

Respectfully submitted,

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*Attorneys for Colin Veitch and Veitch Investments LLC*

**CERTIFICATE OF SERVICE**

WE HEREBY CERTIFY that a true and correct copy of the foregoing Third Amended Complaint was sent via Electronic Service to all counsel of record on August 8, 2017.

By: *__/s/ Jeffrey W. Gutchess__*
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**DANIEL E. TROPIN**
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Miami, FL 33127

# Exhibit A

NORWEGIAN CRUISE LINE®
FREESTYLE CRUISING®

# AWARD NOTICE

NCL CORPORATION LTD.

April 23, 2009

Colin Veitch
9801 West Suburban Drive
Pinecrest, FL 33156

Re: Notice of Award of Profits Units

Dear Colin:

NCL Corporation Ltd. (the "Company") is pleased to offer an award of 100,000 "Profits Units" to you effective as of the date hereof (the "Grant Date"). The award is an award of equity interests that are intended as "profits interests," which is a share in any future appreciation of the value of the Company. The terms and conditions of your Profits Units award are set forth in the Profits Sharing Agreement dated as of the date hereof between the Company and its ordinary shareholders (the "Profits Sharing Agreement"), the United States Tax Agreement for the Company dated as of January 7, 2008 (the "Tax Agreement"), and this Award Notice. Your Profits Units are "Co-Investment Profits Units" for purposes of the Profits Sharing Agreement, and shall be entitled to the distributions provided for in the Profits Sharing Agreement and this Award Notice with respect to Co-Investment Profits Units.

You must sign and return this Award Notice and a joinder to the Tax Agreement in the form attached hereto as Exhibit A if you would like to accept your award. You should read the terms and conditions of the Profits Sharing Agreement, the Tax Agreement and this Award Notice carefully before you accept your award. Before you accept your award, you should also carefully read the terms and conditions of the Company's Shareholders' Agreement dated August 17, 2007 (the "Shareholders' Agreement"), because certain provisions of the Shareholders' Agreement (as specified in the Profits Sharing Agreement and modified by this Award Notice) will apply to you in the event you receive ordinary shares of the Company in respect of your award. You may return your signed Award Notice and joinder to the Tax Agreement to the Senior Vice President Corporate Human Resources of the Company and to Douglas A. Ryder at O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036. If you do not return the signed documents by June 30, 2009, you will be deemed to have declined your award.





7665 Corporate Center Dr., | Miami, Florida 33126 | Tel. 305.436.4000 | Fax 305.436.4120 | ncl.com

The following terms and conditions will apply to your Profits Units award:

1. ***Terms of Profits Units.*** For purposes of the Profits Sharing Agreement, your Co-Investment Profits Units have a total "Co-Investment Distribution Amount" equal to ten million dollars ($10,000,000). Your Co-Investment Profits Units are being granted in two separate tranches, each of which has the following "Co-Investment Distribution Hurdle" and "Co-Investment Distribution" for purposes of the Profits Sharing Agreement:

| Tranche | Co-Investment Distribution Hurdle | Co-Investment Distribution |
|---|---|---|
| I | $1,100,000,000 | $5,500,000 |
| II | $1,105,500,000 | 1/201 of any Distributions under the Profits Sharing Agreement in excess of the Tranche II Co-Investment Distribution Hurdle up until the time you have received your total Co-Investment Distribution Amount of $10,000,000 in the aggregate |

At such time (if any) that (i) the Co-Investment Distribution Hurdle for Tranche II of the Co-Investment Profits Units is attained and (ii) you have received your total Co-Investment Distribution Amount of $10,000,000 in the aggregate, each of the Co-Investment Profits Units in Tranche I and Tranche II shall be entitled to receive any "Ordinary Distributions" that may become payable under the Profits Sharing Agreement.

The Company shall not grant any Co-Investment Profits Units under the Profits Sharing Agreement or provide for any Co-Investment Distribution Amounts under the Profits Sharing Agreement that shall either rank pari passu with or have priority over your Co-Investment Distribution Amount, or, on or prior to the date hereof, grant any profits units under the Profits Sharing Agreement with a Co-Investment Distribution Hurdle or Ordinary Distribution Hurdle equal to or lower than the Co-Investment Distribution Hurdle for Tranche I of the Co-Investment Profits Units.

2. ***Vesting of Profits Units.*** Your Profits Units are fully vested and are not subject to any vesting requirements.

3. ***Profits Sharing, Tax and Shareholders Agreements.*** Your Profits Units are subject to the provisions of the Tax Agreement and Profits Sharing Agreement, and in the event you receive ordinary shares of the Company in respect of your award, you will also be subject to certain provisions of the Shareholders Agreement specified in the Profits Sharing Agreement. However, your Profits Units will not be subject to any of the Company's rights provided for in Section 7 of the Profits Sharing Agreement, and Section 4(c) of the Tax Agreement will not

apply to you. In addition, in the event you receive ordinary shares of the Company in respect of your award, (i) for purposes of your obligations under Section 5 of the Shareholders Agreement, the definition of "Involuntary Transfer" will exclude your divorce or death, and (ii) Section 6 of the Shareholders Agreement will not apply to you. With respect to any transaction under paragraph 6 of the Profits Sharing Agreement, you will be treated no less favorably (on a per unit basis) than any other holder of profits units under the Profits Sharing Agreement.

4. ***Sale of the Company.*** Upon a Sale of the Company (as such term is defined in the Shareholders Agreement), your Profits Units will be paid as provided in the Profits Sharing Agreement.

5. ***Restrictions on Transfer.*** Your Profits Units may be transferred only in accordance with the provisions of the Tax Agreement and with the consent of the Board, or to an entity which you control for estate planning purposes, or upon your death or incapacity to your legal representative, estate and/or heir.

6. ***Tax Matters.*** **The Company has made and makes no representation regarding the tax, financial and other consequences of your award. You should consult with your own legal counsel, tax advisors, and/or investment advisors with respect to these matters.**

7. ***Compliance; Application of Securities Laws.*** The offer, issuance and delivery of the Profits Units or other securities and/or the payment of money in respect of the Profits Units is subject to compliance with all applicable U.S. federal, state and foreign laws, rules and regulations (including but not limited to U.S. state, federal and foreign securities laws) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered hereunder will be subject to such restrictions, and the person acquiring such securities will, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements.

8. ***Investment Representations.*** You acknowledge that the Profits Units are not being registered under the Securities Act of 1933, as amended (the "Securities Act"), based in reliance upon exemptions from registration promulgated under the Securities Act, and in reliance upon comparable exemptions from registration under applicable state securities laws, as each may be amended from time to time. By execution of this Award Notice and in order to induce the Company to grant the Profits Units, you make the representations set forth below to the Company and acknowledge that the Company's reliance on federal and state securities law exemptions from registration and qualification is predicated, in part, on such representations.

- *No Intent to Sell.* You represent that you are acquiring the Profits Units solely for your own account, for investment purposes only, and not with a view to or an intent to sell, or to offer for resale in connection with any unregistered distribution of all or any portion of the Profits Units within the meaning of the Securities Act or other applicable state securities laws. You will not make any sale, transfer or

other disposition of the Profits Units, or any portion thereof, except in accordance with the terms hereof and of the Tax Agreement.

- *No Reliance on the Company.* In evaluating the merits and risks of an investment in the Profits Units, you represent that you have and will rely upon the advice of your own legal counsel, tax advisors, and/or investment advisors.

- *Relationship to and Knowledge about the Company.* You represent that you are knowledgeable about the Company and have a preexisting personal and business relationship with the Company. As a result of such relationship, you are familiar with, among other characteristics, its business and financial circumstances and have access on a regular basis to and may request the Company's balance sheet and income statement setting forth information material to the Company's financial condition, operations and prospects.

- *Risk of Loss.* You represent that any value that the Profits Units may have depends on an increase in the fair market value of the Company after the Grant Date and that any investment in securities of a closely held corporation such as the Company is non-marketable, non-transferable and could require your capital to be invested for an indefinite period of time, possibly without return and at risk of loss.

- *Restrictions on Units.* You represent that you understand that the Profits Units are and will be characterized as "restricted securities" under the federal securities laws since the interests are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances. You acknowledge receiving a copy of Rule 144 promulgated under the Securities Act, as presently in effect, and represent that you are familiar with such rule, and understand the resale limitations imposed thereby and by the Securities Act and the applicable state securities laws.

- *Additional Restrictions.* You represent that you have read and understand the restrictions and limitations imposed on the Profits Units hereunder and under the Tax Agreement and Profits Sharing Agreement.

- *No Company Representations.* You represent that at no time was an oral representation made to you relating to the acquisition of the Profits Units and that you were not presented with or solicited by any promotional meeting or material relating to the Profits Units.

- *Profits Sharing Agreement and Tax Agreement.* You acknowledge receipt of the Profits Sharing Agreement and the Tax Agreement. You further acknowledge that you have carefully read and understand the Profits Sharing Agreement, the Tax Agreement, and this Award Notice, and that you have had a sufficient amount of time to consult with your own legal, tax, financial and other advisors regarding the Profits Units and these documents and your obligations and

potential obligations as a holder of the Profits Units, and that you have discussed such documents and items with your counsel and advisors.

- *Commitment.* You represent that you have adequate means of providing for your current needs and personal and family contingencies. You represent that you are financially able to bear the economic risk of holding the Profits Units (and incurring obligations as a member of the Company as provided under the Tax Agreement) for an indefinite period.

- *Sophistication.* You have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of holding the Profits Units and of making an informed investment decision with respect to the acceptance of the award of Profits Units.

- *Confidential Information.* You acknowledge and agree that all information, written and oral, concerning the Company furnished from time to time to you is provided on a confidential basis. You further acknowledge and agree that you will not disclose such information, other than where such disclosure is required by law or where such information is already available to the public other than as a result of disclosure by you, to anyone other than your legal counsel, accountants, or authorized agents or advisors, who will agree in writing to be bound by the provisions of this confidentiality agreement.

- *Accredited Investor.* You represent that either you are an "accredited investor" as that term is defined in Section 501(a) under Regulation D promulgated by the Securities and Exchange Commission under the Securities Act, or that you have notified the Company in writing that you are not such an "accredited investor." You acknowledge understanding that you are generally considered an accredited investor under federal securities laws only if one of the following circumstances applies to you: (i) your individual net worth (or joint net worth with your spouse) exceeds $1,000,000, (ii) you had individual income in excess of $200,000 in each of the two most recent years or joint income with your spouse in excess of $300,000 in each of the two most recent years, and you (or you and your spouse) have a reasonable expectation of reaching the same income level in the current year, or (iii) you are a director or executive officer of the Company.

9. ***Company Representation.*** Once issued, your Profits Units will be duly and validly authorized and issued by the Company pursuant to the Profits Sharing Agreement.

10. ***Further Assurances.*** Each of the parties hereto shall use its reasonable and diligent best efforts to proceed promptly with the transactions contemplated herein, to fulfill the conditions precedent for such party's benefit or to cause the same to be fulfilled and to execute such further documents and other papers and perform such further acts as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated herein.

11. ***Modifications, Amendments and Waivers.*** This Award Notice may not be amended, modified or altered except by a written instrument executed by both parties hereto.

The Company may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect your interests hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

12. ***Entire Agreement.*** The Profits Sharing Agreement, the Tax Agreement and this Award Notice and the agreements, documents and instruments to be executed and delivered pursuant hereto or referred to herein are intended to embody the final, complete and exclusive agreement among the parties with respect to your acquisition of the Profits Units, are intended to supersede all prior agreements, understandings and representations written or oral, with respect thereto, and may not be contradicted by evidence of any such prior or contemporaneous agreement, understanding or representation, whether written or oral.

13. ***Governing Law.*** This Award Notice is to be governed by the laws of Bermuda, without regard to the conflicts of laws principles thereof.

14. ***Binding Effect.*** This Award Notice and the rights, covenants, conditions and obligations of the respective parties hereto and any instrument or agreement executed pursuant hereto shall be binding upon the parties and their respective successors, assigns and legal representatives.

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

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

17. ***Interpretation.*** If any claim is made by a party relating to any conflict, omission or ambiguity in the provisions of this Award Notice, no presumption or burden of proof will be implied because this Award Notice was prepared by or at the request of any party or its counsel. The parties waive any statute or rule of law to the contrary.

18. ***Severability.*** If any provision of this Award Notice is determined to be invalid, illegal or unenforceable by any court or governmental agency, the remaining provisions of this Award Notice, to the extent permitted by applicable law, shall remain in full force and effect, provided that the essential terms and conditions of this Award Notice for both parties remain valid, binding and enforceable.

19. ***Satisfaction of All Rights to Equity.*** The award of Profits Units is in complete satisfaction of any and all rights that you may have (under an employment, consulting, or other written or oral agreement with the Company, or otherwise) to receive any equity or derivative security in or with respect to the Company. This Award Notice supersedes the terms of all prior understandings and agreements, written or oral, of the parties with respect to such matters. You shall have no further rights or benefits under any prior agreement conveying any right with respect to any security or derivative security in or with respect to the Company.

Please acknowledge your acceptance of the foregoing terms by signing the enclosed copy of this Award Notice where indicated below and returning the executed copy as specified in the second paragraph hereof.

Sincerely,

NCL CORPORATION LTD.

Kevin Sheehan
Chief Executive Officer

Acknowledged and Agreed:

By: _____
Colin Veitch

## EXHIBIT A

## FORM OF JOINDER TO TAX AGREEMENT

**Dated as of April 23, 2009**

THIS JOINDER (this "Joinder") to that certain United States Tax Partnership Agreement of NCL Corporation Ltd., a company organized under the laws of Bermuda, (the "Company"), by and among NCL Investment II Ltd., a company organized under the laws of the Cayman Islands ("NCL Investment II"), NCL Investment Ltd., a company organized under the laws of Bermuda ("NCL Investment"), and Star NCLC Holdings Ltd., a company organized under the laws of Bermuda ("Star NCLC Holdings"), dated as of January 7, 2008 (as the same may hereafter be amended, modified or amended and restated, the "Agreement"), is made and entered into as of the date hereof by and between the Company, NCL Investment II, NCL Investment and Star NCLC Holdings, and Colin Veitch (the "Holder"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Agreement.

WHEREAS, the Holder has acquired certain Profit Units (as defined under the Profits Sharing Agreement of the Company by and among NCL Investment II, NCL Investment Star NCLC Holdings TPG Viking I, L.P., a Cayman limited partnership ("TPG I"), TPG Viking II, L.P., a Cayman limited partnership ("TPG II") and TPG Viking AIV III, L.P., a Delaware limited partnership ("TPG III"), dated as of April 23, 2009 (the "Profit Sharing Agreement"), and the Agreement, Profit Sharing Agreement and the Company require the Holder, as a holder of Profit Units to become a party to the Agreement, and the Holder agrees to do so in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Joinder hereby agree as follows:

1. Agreement to be Bound. The Holder hereby agrees that upon execution of this Joinder, he shall become a party to the Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Agreement as though an original party thereto and shall be deemed a member for all purposes thereof; provided that Section 4(c) of the Agreement shall not apply to the Holder.

2. Successors and Assigns. Except as otherwise provided herein, this Joinder shall bind and inure to the benefit of and be enforceable by the Company and its successors and assigns and the Holder and any other holders of Ordinary Shares and Profit Units and the respective successors and assigns of each of them, so long as they hold any shares of Ordinary Shares and Profit Units.

3. Counterparts. This Joinder may be executed in separate counterparts, including by facsimile, each of which shall be an original and all of which taken together shall constitute one and the same agreement.

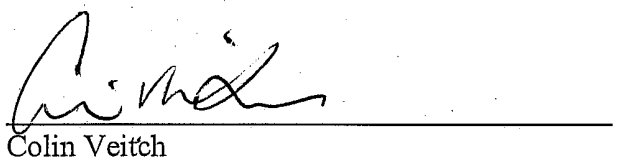
4. Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Delaware.

5. Descriptive Headings. The descriptive headings of this Joinder are inserted for convenience only and do not constitute a part of this Joinder.

* * * * *

This Joinder to the Agreement shall be effective as of the date first set forth above.

**Colin Veitch:**



Colin Veitch

Accepted and Agreed as of
the date first above written

**NCL CORPORATION LTD.**

By:_____
Name:
Title:

**STAR NCLC HOLDINGS LTD.**

By:_____
Name:
Title:

**NCL INVESTMENT LTD.**

By:_____
Name:
Title:

**NCL INVESTMENT II LTD.**

By:_____
Name:
Title:

# Exhibit B

**PROFITS SHARING AGREEMENT**

**for**

**NCL CORPORATION LTD.**

This PROFITS SHARING AGREEMENT (this "Agreement") of NCL Corporation Ltd., a company organized under the laws of Bermuda (the "Company"), is made effective as of April 23, 2009, by and among the Company, NCL Investment II Ltd., a company organized under the laws of the Cayman Islands ("NCL Investment II"), NCL Investment Ltd., a company organized under the laws of Bermuda ("NCL Investment"), Star NCLC Holdings Ltd., a company organized under the laws of Bermuda ("Star NCLC Holdings"), TPG Viking I, L.P., a Cayman limited partnership ("TPG I"), TPG Viking II, L.P., a Cayman limited partnership ("TPG II"), TPG Viking AIV III, L.P., a Delaware limited partnership ("TPG III"), and the other ordinary shareholders of the Company from time to time (collectively, the "Members", and each, a "Member").

1. Profits Interest Treatment.

(a) It is the intent of the Members and the Company that the Profits Units (as defined below) created pursuant to this Agreement be interests in the equity of the Company that entitle the holder thereof to a "profits interest" (as such term is defined in and for purposes of Revenue Procedure 93-27, a "Profits Interest") in the Company earned after the date such interest is acquired (the "Issuance Date").

(b) This Agreement, along with the Memorandum of Association and the Amended and Restated Bye-Laws of the Company, the Tax Agreement for the Company dated as of January 7, 2008, by and among NCL Investment, NCL Investment II and Star NCLC Holdings (the "Tax Agreement"), and the Shareholders' Agreement dated August 17, 2007, by and among the Company, Star Cruises Limited, a company continued into Bermuda ("SCL"), and the Members (the "Shareholders' Agreement", and together with this Agreement, the Memorandum of Association and Amended and Restated Bye-laws, the "Transaction Documents") shall constitute the partnership agreement of the company within the meaning of Section 761(c) of the Internal Revenue Code of 1986, as amended (the "Code") and United States Treasury Regulation section 1.704-1(b)(2)(ii)(h).

2. Grants of Profits Units. The Company is hereby authorized, with the approval of the Company's Board of Directors (the "Board"), to issue to one or more employees, consultants or directors who perform or have performed services to or for the benefit of the Company, as selected by the Board in its sole and absolute discretion, one or more awards of units ("Profits Units"). The two sub-classes of Profits Units that the Board may issue are referred to as the "Co-Investment Profits Units" and the "Ordinary Profits Units," which sub-classes of Profits Units shall each be entitled to receive the applicable distributions specified in paragraph 3. Each such Profits Unit issued hereunder shall be evidenced by an award notice substantially in the form attached hereto as Exhibit A, or such other form as may be approved by the Board (the "Award Notice"). The Board shall determine the other terms and conditions of each award (which shall be consistent with the terms of this Agreement but may contain vesting requirements and other

terms and conditions beyond those contemplated by this Agreement), which terms and conditions shall be set forth in the applicable Award Notice.

3. Distributions. Each of the Co-Investment Profits Units and Ordinary Profits Units shall be entitled to receive the distribution amounts specified in this paragraph 3.

(a) *Co-Investment Profits Units*. The Board may issue two separate tranches of Co-Investment Profits Units to one or more employees in respect of services performed to or for the benefit of the Company, but such Co-Investment Profits Units may only be issued in substitution for or satisfaction of existing obligations that are owed to any such employee selected by the Board to receive Co-Investment Profits Units. Upon a distribution (other than a distribution solely to redeem ordinary shares of the Company on a non pro-rata basis) with respect to ordinary shares of the Company (a "Distribution") following the Issuance Date of the Co-Investment Profits Units, each holder of Co-Investment Profits Units shall be entitled to receive from the Company, to the extent (or as to the portion of) such Distribution together with all other Distributions made after the Issuance Date of the Co-Investment Profits Units and before such Distribution exceeds the fair market value of the Company's equity on the Issuance Date of the Co-Investment Profits Units (as such fair market value is determined by the Board in its sole discretion) or such greater amount as may be determined by the Board on the Issuance Date and specified in a separate agreement entered into with any recipient of Co-Investment Profits Units (the applicable amount, the "Co-Investment Distribution Hurdle"), with respect to each tranche of Co-Investment Profits Units held by such holder, a priority distribution amount (the "Co-Investment Distribution"). The Co-Investment Distribution Hurdle and Co-Investment Distribution with respect to the total number of Profits Units issued in the first tranche of Co-Investment Profits Units and the Co-Investment Distribution Hurdle and Co-Investment Distribution with respect to the total number of Profits Units issued in the second tranche of Co-Investment Profits Units shall each be specified in a separate agreement entered into with any recipient of Co-Investment Profits Units that shall form a part of this Agreement (the sum of such amounts, the "Co-Investment Distribution Amount"). Each Co-Investment Distribution shall rank pari passu with the other Co-Investment Distribution, except as otherwise specified in a separate agreement entered into with any recipient of Co-Investment Profits Units, and once each Co-Investment Distribution Hurdle is attained, shall be paid to any holder of Co-Investment Profits Units before further Distributions are made to the Members or any distributions are made with respect to other Profits Units. Each Co-Investment Distribution shall reduce the amounts otherwise payable to each of the Members proportionally based on the number of ordinary shares then held by each Member in relation to the total number of ordinary shares then held by all of the Members. Following payment of each Co-Investment Distribution (or at such later time upon the attainment of a specified amount of Distributions in excess of the applicable Co-Investment Distribution Hurdle as may be specified in a separate agreement entered into with any recipient of Co-Investment Profits Units that shall form a part of this Agreement), any holder of Co-Investment Profits Units shall be entitled to receive, with respect to each Co-Investment Profits Units held by such holder (whether issued as part of the first or second tranche), the Ordinary Distribution from the Company on the same terms as provided in paragraph 3(b) as if the Co-Investment Profits Units were issued as Ordinary Profits Units.

(b) *Ordinary Profits Units*. Upon a Distribution following the Issuance Date of the Ordinary Profits Units, each holder of Ordinary Profits Units shall be entitled to receive

from the Company, to the extent (or as to the portion of) such Distribution together with all other Distributions made after the Issuance Date of such Ordinary Profits Units and before such Distribution exceeds the sum of (A) the greater of (x) the fair market value of the equity of the Company on the Issuance Date of such Ordinary Profits Units as determined by the Board in its sole discretion, or (y) such greater amount as may be determined by the Board on the Issuance Date and specified in a separate agreement entered into with any recipient of Profits Units, plus (B) the Co-Investment Distribution Amount (the applicable amount, the "Ordinary Distribution Hurdle"), with respect to each Ordinary Profits Unit held by such holder, an amount equal to the amount of such excess Distribution on one ordinary share of the Company (calculated after taking into account any amounts payable to holders of Ordinary Profits Units pursuant to this Agreement) (the "Ordinary Distribution"). The Ordinary Distribution payable to each holder of Ordinary Profits Units (or Co-Investment Profits Units) shall rank pari passu with the Ordinary Distribution payable to each other holder of Ordinary Profits Units (or Co-Investment Profits Units). Notwithstanding the foregoing, any distributions otherwise payable in respect of Ordinary Profits Units that are unvested at the time of distribution shall not be made by the Company until such time (if any) that any vesting requirements applicable to those Ordinary Profits Units are satisfied (or deemed satisfied by the Board), and the holder of such unvested Ordinary Profits Units shall forfeit any and all rights to any distributions otherwise payable pursuant to this paragraph 3(b) to the extent such Ordinary Profits Units do not ever become vested in accordance with the terms and conditions of the applicable award. Any Ordinary Distributions shall reduce the amounts otherwise payable to each of the Members proportionally based on the number of ordinary shares then held by each Member in relation to the total number of ordinary shares then held by all of the Members.

(c) *General Provisions Applicable to all Profits Units*. For the avoidance of doubt, any payment and distribution to holders of ordinary shares under Article III of the Reimbursement and Distribution Agreement dated August 17, 2007, by and among the Company, SCL and NCL Investment (the "Reimbursement and Distribution Agreement") will not result in any amounts becoming payable to holders of Profits Units because the amount of the payments and distributions with respect to the ordinary shares of the Company pursuant to the Reimbursement and Distribution Agreement will not exceed the Co-Investment Distribution Hurdle or the Ordinary Distribution Hurdle (but for the avoidance of doubt, any such payments and distributions shall be included in the calculation of the foregoing). Further, the Board shall adjust the Co-Investment Distribution Hurdle and the Ordinary Distribution Hurdle in connection with the admission of new Members, any reclassification, recapitalization, merger, combination, consolidation, or other reorganization, spin-off, split-up, or similar extraordinary event to the extent the Board, in its sole discretion, determines the adjustment is necessary or appropriate to preserve the intended incentives or the intended tax consequences of the Profits Units as Profits Interests.

4. Tax Allocations. Notwithstanding anything to the contrary set forth in the Tax Agreement and other than where there is a permitted sale of the Profits Units or a Sale of the Company (as such term is defined in the Shareholders' Agreement) that is not a Sale of the Company effectuated through the sale of assets, the Company shall specially allocate net income (or if there is insufficient net income, items of gross income or gain) for U.S. Federal, state and local tax purposes to each holder of Profits Units equal to the amount distributable and distributed to such holder pursuant to paragraph 3 above. In no event shall a holder of Profits

Units be entitled to a distribution pursuant to paragraph 3 above in excess of the amount of income or gain actually allocated to such holder pursuant to this paragraph 4, and any amounts otherwise distributable to such holder shall be distributed to all other holders of ordinary shares of the Company and Profits Units. If a distribution is made in excess of the amount described in the preceding sentence, such amount shall be treated as a recourse demand loan made to such holder. The Board may forgive such loan in its discretion.

5. Sale of the Company. Notwithstanding anything to the contrary set forth in the Shareholders' Agreement or Section 4 above, upon a Sale of the Company (as such term is defined in the Shareholders' Agreement), the aggregate proceeds of such Sale of the Company shall be shared among the holders of vested Profits Units and ordinary shares of the Company as if such proceeds were distributed by the Company to such holders as set forth herein.

6. Qualified Public Offering and Other Transactions. In connection with a Qualified Public Offering (as such term is defined in the Shareholders' Agreement), a reclassification, recapitalization, merger, combination, consolidation, other reorganization, spin-off, split-up, or similar extraordinary event, or an election to terminate the Company's treatment as a partnership for U.S. federal, state and local income tax purposes under the Tax Agreement, the Board may convert each outstanding Profits Unit, in a manner determined by the Board in its sole discretion, into an economically equivalent number of shares of common stock or other equity or equity-related interests, debt or any combination thereof, in or of the Company or any of its subsidiaries or any successor entity to the Company or its applicable subsidiary organized in connection with such Qualified Public Offering or other transaction. In such event, the Board may, in its sole discretion, determine that the vesting, forfeiture and repurchase provisions then-applicable to any unvested Profits Units shall continue in effect as to the common stock, other equity or equity-related interests, debt or combination thereof delivered or to be delivered in respect of such Profits Units.

7. Effect of Termination of Employment or Service. Any Profits Units (including any property received in connection therewith or therefore as provided in paragraph 6) that are unvested at the time a holder of Profits Units ceases to provide services to or for the benefit of the Company for any reason (after giving effect to any vesting occurring in connection with such cessation) shall be forfeited as of the date of such cessation of services, and the holder will have no rights to receive any distributions or other benefits with respect to or in respect of such forfeited interests. Except as otherwise provided for in an Award Notice or other agreement entered into with a holder, upon a holder of Profits Units ceasing to provide services to or for the benefit of the Company for any reason, the Company shall have the right to cancel such holder's outstanding Profits Units that are then vested in exchange for a cash payment equal to the amount, as reasonably determined by the Board, that would be distributed with respect to each Profits Units pursuant to paragraph 3 if all of the ordinary shares of the Company then held by all of the Members were sold for cash in a transaction constituting a Sale of the Company and the net proceeds thereof were distributed to the Members and the holders of Profits Units in accordance with the provisions of paragraph 3 (and assuming for these purposes that all outstanding Profits Units were vested at the time of such Sale of the Company). The Company may exercise its right to cancel vested Profits Units pursuant to this paragraph anytime following a holder ceasing to provide services to or for the benefit of the Company, provided that the

Company may not exercise such right with respect to any Profits Units prior to the date that is two years after the applicable Issuance Date.

8. Tax Partnership Agreements and Subscription Agreement. In the event any holder of Profits Units is to receive ordinary shares of the Company with respect to or in respect of his or her Profits Units, as a condition to receiving such ordinary shares, such holder shall be required to become a party to a subscription agreement (the "Subscription Agreement"), the Tax Agreement and such other agreements in place with respect to the ordinary shares of the Company as may be determined by the Board. Except as otherwise provided for in an Award Notice or other agreement entered into with a holder, the Subscription Agreement shall contain customary investment representations and require the holder to become subject to the following provisions of the Shareholders Agreement as an "Other Shareholder": (i) Restrictions on Transfers (Section 2), (ii) Drag-Along Transactions (Sections 4(c) and (e)), (iii) Involuntary Transfers (Section 5), (iv) Repurchase Right (Section 6), (v) Repurchase Disability (Section 7), (vi) Board of Directors (Section 8), (vii) Holdback Agreement (Section 11(h)), and (viii) Miscellaneous (Section 13). Notwithstanding anything in the preceding sentence or the Shareholders' Agreement to the contrary, upon any exercise of the Repurchase Right (as defined in the Shareholders' Agreement), the Repurchase Price (as defined in the Shareholders' Agreement) shall always be equal to "fair market value."

9. Additional Members. Any person who becomes a Member of the Company after the date hereto shall execute a joinder agreement substantially in the form of Exhibit B attached to this Agreement as a condition to such person becoming a Member.

10. Severability. If any provision of this Agreement shall be determined to be illegal or unenforceable by any court of law, the remaining provisions shall be severable and enforceable in accordance with their terms.

11. Amendments. This Agreement may be amended only by the written consent of each party hereto.

12. **Effect on Transaction Documents. This Agreement shall not amend the rights or obligations of the Members set forth in the other Transaction Documents except with respect to the matters specifically addressed herein. If it is determined that there is a conflict in the rights or obligations of the Members set forth in the other Transaction Documents and the rights and obligations set forth in this Agreement, the other Transaction Documents shall govern such rights or obligations.**

13. Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of Bermuda.

14. Counterparts. This Agreement may be executed in any number of counterparts, including by facsimile transmission, with the effect as if all parties had signed the same document. All counterparts shall be construed together and shall constitute one instrument.

*****

**IN WITNESS WHEREOF**, the undersigned has duly executed this Agreement as of the date first written above.

**NCL CORPORATION LTD.**

By:_____
Name:
Title:

**STAR NCLC HOLDINGS LTD.**

By:_____
Name:
Title:

**NCL INVESTMENT LTD.**

By:_____
Name:
Title:

**NCL INVESTMENT II LTD.**

By:_____
Name:
Title:

**TPG VIKING I, L.P.**

By: TPG Genpar V-AIV, L.P.
Its: General Partner

By: TPG Advisors V-AIV, Inc.
Its: General Partner

By:_____
Name:
Title:

**TPG VIKING II, L.P.**

By: TPG Genpar V-AIV, L.P.
Its: General Partner

By: TPG Advisors V-AIV, Inc.
Its: General Partner

By:_____
Name:
Title:

**TPG VIKING AIV III, L.P.**

By: TPG Genpar V, L.P.
Its: General Partner

By: TPG Advisors V, Inc.
Its: General Partner

By:_____
Name:
Title:

**EXHIBIT A**

**FORM OF AWARD NOTICE**

NCL CORPORATION LTD.

[_____]

_____
_____
_____

Re: Notice of Award of Profits Units

Dear _____:

NCL Corporation Ltd. (the "Company") is pleased to offer an award of [_____] "Profits Units" to you effective as of [_____] (the "Grant Date"). The award is an award of equity interests that are intended as "profits interests," which is a share in any future appreciation of the value of the Company. The terms and conditions of your Profits Units award are set forth in the Profits Sharing Agreement dated as of [_____] between the Company and its ordinary shareholders (the "Profits Sharing Agreement"), the United States Tax Agreement for NCL Corporation Ltd. dated as of January 7, 2008 (the "Tax Agreement"), and this Award Notice. Your Profits Units are "Ordinary Profits Units" for purposes of the Profits Sharing Agreement, and shall be entitled to the distributions provided for in the Profits Sharing Agreement with respect to Ordinary Profits Units.

You must sign and return this Award Notice and a joinder to the Tax Agreement if you would like to accept your award. You should read the terms and conditions of the Profits Sharing Agreement, the Tax Agreement and this Award Notice carefully before you accept your award. Before you accept your award, you should also carefully read the terms and conditions of the Company's Shareholders' Agreement dated August 17, 2007 (the "Shareholders' Agreement"), because certain provisions of the Shareholders' Agreement (as specified in the Profits Sharing Agreement) will apply to you in the event you receive ordinary shares of the Company in respect of your award. You may return your signed Award Notice and joinder to the Tax Agreement to the Senior Vice President Corporate Human Resources of the Company and to Douglas A. Ryder at O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036. If you do not return the signed documents within 10 days of the date hereof, you will be deemed to have declined your award.

The following terms and conditions will apply to your Profits Units award:

1. **[*Vesting of Profits Units; Termination of Employment*.** Your Profits Units will be subject to the following vesting requirements: (a) fifty percent (50%) of the Profits Units subject to the award will vest in substantially equal annual installments on each of the first five anniversaries of January 7, 2008 (the "Time-Based Units"), and (b) fifty percent (50%) of the Profits Units subject to the award will vest upon the occurrence of a Realization Event (as

defined below) based on the amount of Realized Cash (as defined below) received by the Investor (as defined below) in that Realization Event (the "Performance-Based Units").

| If the Realized Cash exceeds the following multiple of Invested Capital | Then the following % of Profits Units Vest |
|---|---|
| 2x | 25% |
| 3x | 25% |

The Investor's receipt of Realized Cash in any prior Realization Event(s) shall be aggregated with any Realized Cash received in any subsequent Realization Event when determining whether the multiples of Invested Capital listed in the table above have been achieved upon any Realization Event (e.g., to the extent any Performance-Based Units have not vested upon the occurrence of a Realization Event, such Performance-Based Units shall continue to be eligible to vest upon a subsequent Realization Event as long as the Investor still holds Investments). The Company's Board of Directors (the "Board") shall determine whether the multiples of Invested Capital listed in the table above have been achieved upon any Realization Event. In no event shall more than 50% of the total number of Profits Units subject to your award vest based on the Realized Cash received by the Investor in any and all Realization Events.

Notwithstanding the foregoing provisions,[and subject to any express accelerated vesting rights you may have in the circumstances pursuant to a written employment agreement with the Company or one of its subsidiaries,] if your employment with the Company and its subsidiaries terminates or is terminated for any reason, your Profits Units, to the extent that they are not then vested (after giving effect to any vesting occurring in connection with such termination), will automatically be forfeited by you as of the date of such termination, and you will have no rights with respect to or in respect of such forfeited units. Profits Units, to the extent they are vested as of the date of your termination of employment, will continue to be subject to the provisions of the Tax Agreement and Profits Sharing Agreement after the termination date, including without limitation the provisions of paragraph 7 of the Profits Sharing Agreement (which permit the Company to cancel your vested Profits Units in exchange for a cash payment equal to their then current value)

For purposes of this Section 1, the following definitions shall apply:

"Realization Event" means any receipt of cash dividends, distributions or sale proceeds by the Investor with respect to its Investments (other than as a result of a sale or other transfer to another Person that is also an Investor). For purposes of clarity, Realization Events shall include, without limitation, any sale or other transfer of an Investment by the Investor in exchange for cash to a Person that is not an Investor, any ordinary or extraordinary cash dividends received by the Investor with respect to an Investment and any other cash distributions received by the Investor with respect to an Investment.

"Realized Cash" means the amount of cash dividends, distributions or sale proceeds received by the Investor on a Realization Event.

"Investor" means (i) NCL Investment II Ltd., a company organized under the laws of the Cayman Islands ("NCL Investment II"), together with (ii) NCL Investment Ltd., a company organized under the laws of Bermuda ("NCL Investment"), together with (iii) each of their respective affiliates, and together with (iv) any other investment fund or vehicle managed by Apollo Global Management LLC or any of its affiliates. Investor shall not include Star NCLC Holdings Ltd., a company organized under the laws of Bermuda, TPG Viking I, L.P., a Cayman limited partnership ("TPG I"), TPG Viking II, L.P., a Cayman limited partnership ("TPG II"), and TPG Viking AIV III, L.P., a Delaware limited partnership ("TPG III").

"Investment" means any investment by the Investor in the equity of the Company, its subsidiaries or any of their respective successor entities, whether in the form of ordinary shares of the Company or otherwise (including, for purposes of clarity, any Investments that may be made after the Grant Date). If any Investment is exchanged for or converted into a different type of security (other than cash), such different security shall also be considered an Investment. Notwithstanding the foregoing, the ordinary shares of the Company purchased by NCL Investment II and NCL Investment that were subsequently purchased by TPG I, TPG II and TPG III shall not be considered Investments for purposes of this Award Notice.

"Invested Capital" means the aggregate U.S. dollar value of all Investments made by the Investor. The U.S. dollar value of each Investment shall be measured at the time of any such Investment.

"Person" shall be construed broadly and shall include, without limitation, an individual, a partnership, a corporation, an association, a joint stock company, a limited liability company, a trust, a joint venture, an unincorporated organization, and a governmental entity or any department, agency or political subdivision thereof.*/*[1]

2. ***Sale of the Company and Other Transactions***. Except as may be otherwise specifically provided in your employment agreement with the Company or one of its subsidiaries, upon a Sale of the Company (as such term is defined in the Shareholders' Agreement), (a) all of your then-outstanding and unvested Time-Based Units will automatically be forfeited as of the date of such sale; and (b) with respect to any of your then-outstanding and unvested Performance-Based Units, the vesting of such Performance-Based Units will be determined based on the achievement of the Investor's multiples of Invested Capital as of the date of the Sale of the Company in accordance with the provisions of Section 1, and any such Performance-Based Units that are unvested after giving effect to such determination will automatically be forfeited as of such date. In addition, any Performance-Based Units that are unvested following a Realization Event where the Investor sells or otherwise transfers 100% of the Investments then held by the Investor shall be automatically forfeited as of the date of such Realization Event. If any Profits Units are forfeited by you pursuant to this Section 2, you will have no further rights with respect to or in respect of such forfeited Profits Units. Any of your Profits Units that are vested after giving effect to the preceding provisions of this Section 2 will

[1] These are the standard vesting conditions. Other vesting terms may also be established by the Board.

be paid as provided in the Profits Sharing Agreement.

3. ***Restrictions on Transfer***. Prior to the time that they have become vested in accordance with the terms hereof, neither your Profits Units, nor any interest therein, amount payable in respect thereof, or Restricted Property (as defined in Section 4 below) may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily. After your Profits Units have vested, any vested portion of such interests may be transferred only in accordance with the provisions of the Tax Agreement and with the consent of the Board.

4. ***Qualified Public Offering and Other Transactions***. If in connection with a Qualified Public Offering (as such term is defined in the Shareholders' Agreement) or a reclassification, recapitalization, merger, combination, consolidation, other reorganization, spin-off, split-up, or similar extraordinary event, or an election to terminate the Company's treatment as a partnership for U.S. federal, state and local income tax purposes under the Tax Agreement your Profits Units are converted by the Board into an economically equivalent number of shares of common stock or other equity or equity-related interest, debt or any combination thereof pursuant to the Profits Sharing Agreement, any such converted property you receive in respect of any of your unvested Profits Units (the "Restricted Property") will be subject to the restrictions set forth in this Award Notice and the Profit Sharing Agreement to the same extent as the Profits Units to which such Restricted Property relates. Any such Restricted Property shall be held and accumulated for your benefit until such time that the applicable vesting requirements are satisfied (or deemed satisfied by the Board), and you will forfeit all rights to the Restricted Property to the extent that the Restricted Property does not ever become vested.

5. ***Tax Matters***. As noted above, the Profits Units are intended to constitute "profits interests" for tax law purposes. Because the Profits Units are subject to vesting requirements, you may, if you choose, make an election under Section 83(b) of the Internal Revenue Code (an "83(b) Election") to recognize tax on the value of the property at the time of transfer rather than at the time of vesting. If you wish to make an 83(b) Election with respect to your Profits Units, you must file your election with the IRS within 30 days of the Grant Date. **The Company has made and makes no representation regarding the advisability of making an 83(b) Election, or regarding the tax, financial and other consequences of your award or an 83(b) Election with respect to your award. You should consult with your own legal counsel, tax advisors, and/or investment advisors with respect to these matters.**

6. ***No Employment Rights***. The vesting schedule set forth above requires continued employment or service through the applicable vesting date as a condition to the vesting of the applicable installment of the Profits Units. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle you to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of your employment. Nothing contained in the Profits Sharing Agreement, the Tax Agreement or in this Award Notice constitutes an employment or service commitment by the Company or any of its affiliates, affects your status as an employee at will who is subject to termination without cause (subject to any express written employment agreement to the contrary), confers upon you any right to remain employed by or in service to the Company, any subsidiary or any affiliate, interferes in any way with the right of the Company at any time to terminate such employment or

service, or affects the right of the Company or any subsidiary or affiliate to increase or decrease your other compensation.

7. ***Compliance; Application of Securities Laws***. The offer, issuance and delivery of the Profits Units or other securities and/or the payment of money in respect of the Profits Units is subject to compliance with all applicable U.S. federal, state and foreign laws, rules and regulations (including but not limited to U.S. state, federal and foreign securities laws) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered hereunder will be subject to such restrictions, and the person acquiring such securities will, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements.

8. ***Investment Representations***. You acknowledge that the Profits Units are not being registered under the Securities Act of 1933, as amended (the "Securities Act"), based in reliance upon exemptions from registration promulgated under the Securities Act, and in reliance upon comparable exemptions from registration under applicable state securities laws, as each may be amended from time to time. By execution of this Award Notice and in order to induce the Company to grant the Profits Units, you make the representations set forth below to the Company and acknowledge that the Company's reliance on federal and state securities law exemptions from registration and qualification is predicated, in part, on such representations.

- *No Intent to Sell*. You represent that you are acquiring the Profits Units solely for your own account, for investment purposes only, and not with a view to or an intent to sell, or to offer for resale in connection with any unregistered distribution of all or any portion of the Profits Units within the meaning of the Securities Act or other applicable state securities laws. You will not make any sale, transfer or other disposition of the Profits Units, or any portion thereof, except in accordance with the terms hereof and of the Tax Agreement.

- *No Reliance on the Company*. In evaluating the merits and risks of an investment in the Profits Units, you represent that you have and will rely upon the advice of your own legal counsel, tax advisors, and/or investment advisors.

- *Relationship to and Knowledge about the Company*. You represent that you are knowledgeable about the Company and have a preexisting personal and business relationship with the Company. As a result of such relationship, you are familiar with, among other characteristics, its business and financial circumstances and have access on a regular basis to and may request the Company's balance sheet and income statement setting forth information material to the Company's financial condition, operations and prospects.

- *Risk of Loss*. You represent that any value that the Profits Units may have depends on an increase in the fair market value of the Company after the Grant Date and that any investment in securities of a closely held corporation such as the Company is non-marketable, non-transferable and could require your capital

to be invested for an indefinite period of time, possibly without return and at risk of loss.

- *Restrictions on Units*. You represent that you understand that the Profits Units (both before and after such interests vest) are and will be characterized as "restricted securities" under the federal securities laws since the interests are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances. You acknowledge receiving a copy of Rule 144 promulgated under the Securities Act, as presently in effect, and represent that you are familiar with such rule, and understand the resale limitations imposed thereby and by the Securities Act and the applicable state securities laws.

- *Additional Restrictions*. You represent that you have read and understand the restrictions and limitations imposed on the Profits Units hereunder and under the Tax Agreement and Profits Sharing Agreement.

- *No Company Representations*. You represent that at no time was an oral representation made to you relating to the acquisition of the Profits Units and that you were not presented with or solicited by any promotional meeting or material relating to the Profits Units.

- *Profits Sharing Agreement and Tax Agreement*. You acknowledge receipt of the Profits Sharing Agreement and the Tax Agreement. You further acknowledge that you have carefully read and understand the Profits Sharing Agreement, the Tax Agreement, and this Award Notice, and that you have had a sufficient amount of time to consult with your own legal, tax, financial and other advisors regarding the Profits Units and these documents and your obligations and potential obligations as a holder of the Profits Units, and that you have discussed such documents and items with your counsel and advisors.

- *Commitment*. You represent that you have adequate means of providing for your current needs and personal and family contingencies. You represent that you are financially able to bear the economic risk of holding the Profits Units (and incurring obligations as a member of the Company as provided under the Tax Agreement) for an indefinite period.

- *Sophistication*. You have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of holding the Profits Units and of making an informed investment decision with respect to the acceptance of the award of Profits Units.

- *Confidential Information*. You acknowledge and agree that all information, written and oral, concerning the Company furnished from time to time to you is provided on a confidential basis. You further acknowledge and agree that you will not disclose such information, other than where such disclosure is required by

law or where such information is already available to the public other than as a result of disclosure by you, to anyone other than your legal counsel, accountants, or authorized agents or advisors, who will agree in writing to be bound by the provisions of this confidentiality agreement.

- *Accredited Investor*. You represent that either you are an "accredited investor" as that term is defined in Section 501(a) under Regulation D promulgated by the Securities and Exchange Commission under the Securities Act, or that you have notified the Company in writing that you are not such an "accredited investor." You acknowledge understanding that you are generally considered an accredited investor under federal securities laws only if one of the following circumstances applies to you: (i) your individual net worth (or joint net worth with your spouse) exceeds $1,000,000, (ii) you had individual income in excess of $200,000 in each of the two most recent years or joint income with your spouse in excess of $300,000 in each of the two most recent years, and you (or you and your spouse) have a reasonable expectation of reaching the same income level in the current year, or (iii) you are a director or executive officer of the Company.

9. ***Further Assurances***. Each of the parties hereto shall use its reasonable and diligent best efforts to proceed promptly with the transactions contemplated herein, to fulfill the conditions precedent for such party's benefit or to cause the same to be fulfilled and to execute such further documents and other papers and perform such further acts as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated herein.

10. ***Modifications, Amendments and Waivers***. This Award Notice may not be amended, modified or altered except by a written instrument executed by both parties hereto. The Company may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect your interests hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

11. ***Entire Agreement***. The Profits Sharing Agreement, the Tax Agreement and this Award Notice and the agreements, documents and instruments to be executed and delivered pursuant hereto or referred to herein are intended to embody the final, complete and exclusive agreement among the parties with respect to your acquisition of the Profits Units, are intended to supersede all prior agreements, understandings and representations written or oral, with respect thereto, and may not be contradicted by evidence of any such prior or contemporaneous agreement, understanding or representation, whether written or oral.

12. ***Governing Law***. This Award Notice is to be governed by the laws of Bermuda, without regard to the conflicts of laws principles thereof.

13. ***Binding Effect***. This Award Notice and the rights, covenants, conditions and obligations of the respective parties hereto and any instrument or agreement executed pursuant hereto shall be binding upon the parties and their respective successors, assigns and legal representatives.

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

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

16. ***Interpretation***. If any claim is made by a party relating to any conflict, omission or ambiguity in the provisions of this Award Notice, no presumption or burden of proof will be implied because this Award Notice was prepared by or at the request of any party or its counsel. The parties waive any statute or rule of law to the contrary.

17. ***Severability.*** If any provision of this Award Notice is determined to be invalid, illegal or unenforceable by any court or governmental agency, the remaining provisions of this Award Notice, to the extent permitted by applicable law, shall remain in full force and effect, provided that the essential terms and conditions of this Award Notice for both parties remain valid, binding and enforceable.

18. ***Satisfaction of All Rights to Equity***. The award of Profits Units is in complete satisfaction of any and all rights that you may have (under an employment, consulting, or other written or oral agreement with the Company, or otherwise) to receive any equity or derivative security in or with respect to the Company. This Award Notice supersedes the terms of all prior understandings and agreements, written or oral, of the parties with respect to such matters. You shall have no further rights or benefits under any prior agreement conveying any right with respect to any security or derivative security in or with respect to the Company.

Please acknowledge your acceptance of the foregoing terms by signing the enclosed copy of this Award Notice where indicated below and returning the executed copy as specified in the second paragraph hereof.

Sincerely,

NCL CORPORATION LTD.

_____

[Name]
[Title]

Acknowledged and Agreed:

By: _____
[Name]

**EXHIBIT B**

**FORM OF JOINDER TO TAX AGREEMENT**

**Dated as of _____, _____**

THIS JOINDER (this "Joinder") to that certain United States Tax Partnership Agreement of NCL Corporation Ltd., a company organized under the laws of Bermuda, (the "Company"), by and among NCL Investment II Ltd., a company organized under the laws of the Cayman Islands ("NCL Investment II"), NCL Investment Ltd., a company organized under the laws of Bermuda ("NCL Investment"), and Star NCLC Holdings Ltd., a company organized under the laws of Bermuda ("Star NCLC Holdings"), dated as of January 7, 2008 (as the same may hereafter be amended, modified or amended and restated, the "Agreement"), is made and entered into as of [_____] by and between the Company, NCL Investment II, NCL Investment and Star NCLC Holdings, and [the profit unit Holder] (the "Holder"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Agreement.

WHEREAS, the Holder has acquired certain Profit Units (as defined under the Profits Sharing Agreement of the Company by and among NCL Investment II, NCL Investment Star NCLC Holdings TPG Viking I, L.P., a Cayman limited partnership ("TPG I"), TPG Viking II, L.P., a Cayman limited partnership ("TPG II") and TPG Viking AIV III, L.P., a Delaware limited partnership ("TPG III"), dated April 23, 2009 (the "Profit Sharing Agreement"), and the Agreement, Profit Sharing Agreement and the Company require the Holder, as a holder of Profit Units to become a party to the Agreement, and the Holder agrees to do so in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Joinder hereby agree as follows:

1. Agreement to be Bound. The Holder hereby agrees that upon execution of this Joinder, [he, she or it] shall become a party to the Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Agreement as though an original party thereto and shall be deemed a member for all purposes thereof.

2. Successors and Assigns. Except as otherwise provided herein, this Joinder shall bind and inure to the benefit of and be enforceable by the Company and its successors and assigns and the Holder and any other holders of Ordinary Shares and Profit Units and the respective successors and assigns of each of them, so long as they hold any shares of Ordinary Shares and Profit Units.

3. Counterparts. This Joinder may be executed in separate counterparts, including by facsimile, each of which shall be an original and all of which taken together shall constitute one and the same agreement.

4. Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Delaware.

5. Descriptive Headings. The descriptive headings of this Joinder are inserted for convenience only and do not constitute a part of this Joinder.

* * * * *

This Joinder to the Agreement shall be effective as of the date first set forth above.

**[HOLDER]:**

By:_____
Name:
Title:

Accepted and Agreed as of
the date first above written

**NCL CORPORATION LTD.**

By:_____
Name:
Title:

**STAR NCLC HOLDINGS LTD.**

By:_____
Name:
Title:

**NCL INVESTMENT LTD.**

By:_____
Name:
Title:

**NCL INVESTMENT II LTD.**

By:_____
Name:
Title:

# Exhibit C

**ASSIGNMENT OF PROFITS UNITS AND AGREEMENT TO BE BOUND**

**FOR VALUE RECEIVED**, the sufficiency of which is hereby acknowledged, COLIN VEITCH (the "**Assignor**"), in accordance with Paragraph 5 of that certain Award Notice dated as of April 23, 2009 from NCL Corporation Ltd. ("**NCL**") in favor of the Assignor (the "**Award Notice**"), does hereby transfer and assign to VEITCH INVESTMENTS 3, LLC, an Alaska limited liability company controlled by the Assignor (the "**Assignee**"), all of the Assignor's right, title and interest in and to those 100,000 Profits Units, as such term is defined in the Award Notice (the "**Profits Units**"), and the Award Notice. The Profits Units are subject to that certain United States Tax Agreement for NCL dated as of January 7, 2008 (the "**Tax Agreement**"), requiring the execution by the Assignee of a Joinder to Tax Agreement attached hereto as Exhibit "A" (the "**Joinder to Tax Agreement**"), the Award Notice and that certain Profits Sharing Agreement dated as of April 23, 2009 between the Company and certain other parties (the "**Profits Sharing Agreement**"). The Profits Units are "**Co-Investment Profits Units**," as such term is defined in the Profits Sharing Agreement, and are entitled to the distributions provided for in the Profits Sharing Agreement and the Award Notice.

The Assignee, by execution copy of this Assignment, agrees to be bound by the terms and provisions of the Award Notice to the same extent as the Assignor was bound.

Effective: June 3, 2010

**ASSIGNOR:**

COLIN VEITCH

Agreed and Accepted

**ASSIGNEE:**

**VEITCH INVESTMENTS 3, LLC,**
an Alaska limited liability company

By: _____
Colin Veitch, Manager

**EXHIBIT A**

**FORM OF JOINDER TO TAX AGREEMENT**

# JOINDER TO TAX AGREEMENT

**Dated as of June 3, 2010**

THIS JOINDER (this "Joinder") to that certain United States Tax Agreement of NCL Corporation Ltd., a company organized under the laws of Bermuda, (the "Company"), by and among NCL Investment II Ltd., a company organized under the laws of the Cayman Islands ("NCL Investment II"), NCL Investment Ltd., a company organized under the laws of Bermuda ("NCL Investment"), and Star NCLC Holdings Ltd., a company organized under the laws of Bermuda ("Star NCLC Holdings"), dated as of January 7, 2008 (as the same way hereafter be amended, modified or amended and restated, the "Agreement"), as made and entered into as of the date hereof by Veitch Investments 3, LLC, an Alaska limited liability company (the "Holder"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Agreement.

WHEREAS, the Holder has acquired certain Profit Units as defined under the Profits Sharing Agreement of the company by and among NCL Investment II, NCL Investment Star NCLC Holdings TPG Viking I, L.P., a Cayman limited partnership ("TPG I"), TPG Vikings II, L.P., a Cayman limited partnership ("TPG II") and TPG Viking AIV III, L.P., a Delaware limited partnership ("TPG III"), dated as of April 23, 2009 (the "Profit Sharing Agreement"), and the Agreement, Profit Sharing Agreement and the Company require the Holder, as a holder of Profit Units to become a party to the Agreement, and the Holder agrees to do so in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Holder hereby agrees as follows:

1. Agreement to be Bound. The Holder hereby agrees that upon execution of this Joinder, it shall become a party to the Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Agreement as though an original party thereto and shall be deemed a member for all purposes thereof; provided that Section 4(c) of the Agreement shall not apply to the Holder.

2. Successors and Assigns. Except as otherwise provided herein, the Joinder shall bind and inure to the benefit of and be enforceable by the Company and its successors and assigns and the Holder and any other holders of Ordinary Shares and Profit Units and the respective successors and assigns of each of them, so long as they hold any shares of Ordinary Shares and Profit Units.

3. Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Delaware.

4. Descriptive Headings. The descriptive headings of this Joinder are inserted for convenience only and do not constitute a part of this Joinder.

This Joinder to the Agreement shall be effective as of the date first set forth above.

**VEITCH INVESTMENTS 3, LLC,**
an Alaska limited liability company

By: _____
Colin Veitch, Manager

Bilzin Sumberg
ATTORNEYS AT LAW

**Seth R. Kaplan, Esq.**
Tel 305.350.7266
Fax 305.351.2236
skaplan@bilzin.com

June 4, 2010

**CERTIFIED MAIL**
**RETURN RECEIPT REQUESTED**

Mr. Dan Farkas
Senior Vice President & General Counsel
Norwegian Cruise Line
7665 Corporate Center Drive
Miami, Florida 33126

Re: Colin Veitch/NCL Profits Units

Dear Dan:

I hope you are doing well. In connection with Colin Veitch's estate planning and in accordance with paragraph 5 of that certain Award Notice dated April 23, 2009 Colin assigned his Profits Units to Veitch Investments 3, LLC, which he controls and was created for the benefit of family members and trusts for the benefit of family members. Enclosed please find an original assignment of the Profit Units and an executed joinder to the Tax Agreement as required by the Award Notice and Profit Sharing Agreement.

Please sign where indicated below confirming receipt of these documents and return a copy of the executed letter to me in the envelope provided for your convenience. Thank you.

Sincerely,

Seth Kaplan

Enclosures

Confirmed receipt of enclosures:

By: _____
Name: David S. Farkas
Title: General Counsel
forwarded to N.C.

MIAMI 2193236.1 7439213792

# Exhibit D

**UNITED STATES TAX AGREEMENT**

**for**

**NCL CORPORATION LTD.**

This TAX AGREEMENT (this "Agreement") of NCL Corporation Ltd., a company organized under the laws of Bermuda (the "Company"), is made effective as of January 7, 2008, by NCL Investment II Ltd., a company organized under the laws of the Cayman Islands ("NCL Investment II"), NCL Investment Ltd., a company organized under the laws of Bermuda ("NCL Investment"), Star NCLC Holdings Ltd., a company organized under the laws of Bermuda ("Star NCLC Holdings") and the Other Shareholders of the Company from time to time (collectively the "Members" and each a "Member"). The Members are executing this Agreement in connection with the Subscription Agreement, dated as of August 17, 2007, by and among the Company, Star Cruises Limited, and NCL Investment (the "Subscription Agreement"), the Shareholders' Agreement, dated as of August 17, 2007, by and among the Company, Star Cruises Limited, and NCL Investment (the "Shareholders' Agreement") and the Reimbursement and Distribution Agreement, dated as of August 17, 2007, by and among the Company, Star Cruises Limited, and NCL Investment (the "Reimbursement Agreement"; the Subscription Agreement, the Shareholders' Agreement, the Reimbursement Agreement and any related documents other than this Agreement, collectively, the "Transaction Documents"). Capitalized terms used but not defined herein shall have the meanings given to them in the Subscription Agreement.

1. Partnership Treatment.

(a) It is the intent of the Members for the Company to be treated as a partnership for U.S. federal, state and local income tax purposes and for each of the Members to be treated as partners in such partnership. The Company made an election effective as of January 1, 2008 for the Company to be treated as an entity disregarded as an entity from its owner.

(b) No party to this Agreement shall make any election or otherwise cause the Company to cease being treated as a partnership for U.S. federal, state or local income tax purposes.

(c) This agreement together with the Transaction Documents shall constitute the partnership agreement of the company within the meaning of Section 761(c) of the Internal Revenue Code of 1986, as amended (the "Code") and United States Treasury Regulation section 1.704-1(b)(2)(ii)(h).

2. Capital Accounts. Solely for United States federal, state and local income tax purposes, each Member shall have a capital account determined and maintained in accordance with Section 704 of the Code and the Treasury Regulations promulgated thereunder. The Capital Accounts of each Member as of the Closing Date, taking into account the Payment or Distribution, as the case may be, as described in Article III of the Reimbursement Agreement shall be as set forth in Schedule I.

3. Allocation of Profits and Losses. The Company's profits and losses shall be allocated to each Member pro rata in accordance with the membership shares of common stock of the Company owned by such Member. Notwithstanding the previous sentence, the Members agree that gain described in Section 4.9 of the Company Disclosure Schedule with respect to "United States real property interests" as defined in Section 897(c) of the Code shall be allocated to Star NCLC Holdings.

4. Administrative Matters.

(a) The fiscal year of the Company for accounting and tax purposes shall begin on January 1 and end on December 31 of each year, except for the short taxable years in the years of the Company's formation and termination as a partnership and as otherwise required by the Code.

(b) The Company shall cause to be prepared and timely filed all U.S. federal, state and local tax returns for the Company that are required to be filed and shall cause the timely provision to each Member of a Form K-1 or other similar form reasonably required for the Member to effect United States federal, state or local income tax return filings pursuant to the Code and any other document required for purposes of effecting a United States federal, state or local income tax return filing. The Company shall at the request of a Member give such assistance as is reasonably requested by such Member with the filing of tax returns. The Members will provide such forms, information or certifications as are reasonably requested by the Company in order for the Company to comply with any tax or regulatory filing or withholding requirements.

(c) Each Member represents that (a) (i) it qualifies for benefits under Section 883 of the Code or is fully exempt from U.S. tax under Section 115 of the Code or (ii) if such Member is treated as a partnership or otherwise is treated as a "pass-through" entity for U.S. federal income tax purposes all of its partners qualify for benefits under Section 883 of the Code or are fully exempt from U.S. tax under Section 115 of the Code and (b) it will notify the Company if it (or its partners) fails to so qualify or be exempt within 30 days of the event or events giving rise to such failure. Each Member shall indemnify the Company for liabilities resulting from any failure or failures to qualify for such benefits or exemption. For the avoidance of doubt, such liabilities will include, without limitation, liabilities for failure to withhold or remit taxes that result from failures to qualify under Section 883 or Section 115 and interest, penalties and any expenses incurred in any examination, determination, resolution and payment of such liabilities.

(d) NCL Investment II shall act as the "Tax Matters Partner" as defined in Section 6231 of the Code and shall make such elections under the Code and other relevant tax laws as to the treatment of items of the Company income, gain, loss, deduction and credit, and as to all other relevant matters, as the Tax Matters Partner deems necessary or appropriate provided that such elections shall not, to the best of the Tax Matters Partner's knowledge, materially adversely affect the interests of the other Members in a manner that is different from any adverse affect on the Tax Matters Partner.

5. Additional Members. Any Person who becomes a Shareholder of the Company after the date hereto shall execute a joinder agreement substantially in the form of Exhibit A attached to this Agreement.

6. Severability. If any provision of this Agreement shall be determined to be illegal or unenforceable by any court of law, the remaining provisions shall be severable and enforceable in accordance with their terms.

7. Amendments. Except as otherwise provided in this Agreement, this Agreement may be amended only by the written consent of all the Members to such effect.

8. **Effect on Transaction Documents. This Agreement shall not amend the rights or obligations of the Members set forth in the Transaction Documents except with respect to the matters specifically addressed herein. If it is determined that there is a conflict in the rights or obligations of the Members set forth in the Transaction Documents and the rights and obligations set forth in this Agreement, the Transaction Documents shall govern such rights or obligations.**

9. Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Delaware.

10. Counterparts. This Agreement may be executed in any number of counterparts, including by facsimile transmission, with the effect as if all parties had signed the same document. All counterparts shall be construed together and shall constitute one instrument.

*****

**IN WITNESS WHEREOF**, the undersigned has duly executed this Agreement as of the date first written above.

**NCL CORPORATION LTD.**

By: _____
Name: David Colin Sinclair Veitch
Title: Deputy Chairman, President and CEO

**STAR NCLC HOLDINGS LTD.**

By: _____
Name: David Chua Ming Huat
Title: Chairman

**IN WITNESS WHEREOF**, the undersigned has duly executed this Agreement as of the date first written above.

**NCL CORPORATION LTD.**

By:_____
Name: David Colin Sinclair Veitch
Title: Deputy Chairman, President and CEO

**STAR NCLC HOLDINGS LTD.**

By:_____
Name: David Chua Ming Huat
Title: Chairman

**NCL INVESTMENT LTD.**

By: _____
Name: Steven Martinez
Title: Authorized Person

**NCL INVESTMENT II LTD.**

By: _____
Name: Steven Martinez
Title: Authorized Person

## SCHEDULE I

| Member | Membership Interest | Capital Contribution |
|---|---|---|
| **NCL Investment LTD.** | 17.45% | **US$349M** |
| **NCL Investment II LTD.** | 32.55% | **US$651M** |
| **Star NCLC Holdings Ltd.** | 50% | **10M Company Shares contributed = US$1 Billion** |

**EXHIBIT A**

**FORM OF JOINDER TO TAX AGREEMENT**

**Dated as of _____, _____**

THIS JOINDER (this "Joinder") to that certain United States Tax Partnership Agreement of NCL Corporation Ltd., a company organized under the laws of Bermuda, (the "Company"), by and among NCL Investment II Ltd., a company organized under the laws of the Cayman Islands ("NCL Investment II"), NCL Investment Ltd., a company organized under the laws of Bermuda ("NCL Investment"), and Star NCLC Holdings Ltd., a company organized under the laws of Bermuda ("Star NCLC Holdings"), dated as of January 7, 2008 (as the same may hereafter be amended, modified or amended and restated, the "Agreement"), is made and entered into as of [_____] by and between the Company, NCL Investment II, NCL Investment and Star NCLC Holdings, and [the Member] (the "Member"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Agreement.

WHEREAS, the Member has acquired certain Ordinary Shares, and the Agreement and the Company require the Member, as a holder of Ordinary Shares, to become a party to the Agreement, and the Member agrees to do so in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Joinder hereby agree as follows:

1. Agreement to be Bound. The Member hereby agrees that upon execution of this Joinder, [he, she or it] shall become a party to the Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Agreement as though an original party thereto and shall be deemed a Member for all purposes thereof.

2. Successors and Assigns. Except as otherwise provided herein, this Joinder shall bind and inure to the benefit of and be enforceable by the Company and its successors and assigns and the Member and any other holders of Ordinary Shares and the respective successors and assigns of each of them, so long as they hold any shares of Ordinary Shares.

3. Counterparts. This Joinder may be executed in separate counterparts, including by facsimile, each of which shall be an original and all of which taken together shall constitute one and the same agreement.

4. Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Delaware.

5. Descriptive Headings. The descriptive headings of this Joinder are inserted for convenience only and do not constitute a part of this Joinder.

* * * * *

This Joinder to the Partnership Agreement shall be effective as of the date first set forth above.

**[MEMBER]:**

By:_____
Name:
Title:

Accepted and Agreed as of
the date first above written

**NCL CORPORATION LTD.**

By:_____
Name:
Title:

**STAR NCLC HOLDINGS LTD.**

By:_____
Name:
Title:

**NCL INVESTMENT LTD.**

By:_____
Name:
Title:

**NCL INVESTMENT II LTD.**

By:____
Name:
Title:

# Exhibit E

**NOTICE OF TREATMENT OF AWARDS GRANTED UNDER THE PROFITS SHARING AGREEMENT FOR NCL CORPORATION LTD. IN IPO**

As you know, we recently completed our initial public offering (the "**IPO**"). The IPO was accomplished through the offering of ordinary shares of our new holding company, Norwegian Cruise Line Holdings Ltd. ("**NCLH**"). NCLH became the owner of all of the outstanding ordinary shares of NCL Corporation Ltd. ("**NCLC**") when the existing NCLC shareholders—Apollo, TPG Capital and Genting HK—contributed their NCLC shares to NCLH in exchange for newly issued shares of NCLH. As a result of this corporate reorganization (the "**Reorganization**"), Apollo, TPG Capital and Genting HK became shareholders of NCLH. NCLH then sold additional newly issued shares to the public in the IPO.

In connection with the Reorganization and IPO and in accordance with the terms of the awards, your outstanding profits units (the "**Profits Units**") in NCLC granted under NCLC's Profits Sharing Agreement (the "**Profits Sharing Plan**") were converted into an economically equivalent number of equity units in NCLC representing a capital interest in NCLC (the "**NCLC Units**"). You may elect to exchange each NCLC Unit for one ordinary share of NCLH, subject to the terms and restrictions described below.

This notice ("**Notice**") describes the conversion of your Profits Units into NCLC Units, explains how you may exchange your NCLC Units for ordinary shares of NCLH, and includes a short summary of certain tax and securities law considerations associated with the conversion and exchange. This Notice is intended as a summary, and you are urged to review the documents described below and/or consult with your own advisors for more information regarding the conversion of your Profits Units, your exchange rights and the limits on your exchange rights, and the associated tax and securities law considerations.

***Conversion of Profits Units***

In connection with the Reorganization and IPO, your vested Profits Units that were outstanding immediately before the Reorganization were converted into an economically equivalent number of fully vested NCLC Units. The Board of Directors of NCLC approved this conversion in accordance with Section 6 of the Profits Sharing Plan and the terms of your award notice for the Profits Units.

Your Profits Units were converted into an economically equivalent number of fully vested NCLC Units based on the value of your Profits Units at the effective time of the IPO. The value of your Profits Units was calculated using the IPO offering price of $19.00 per ordinary share of NCLH. As a result of the conversion of your Profits Units, you now hold NCLC Units instead of Profits Units.

***NCLC Units Received in the Conversion and New Tax Agreement***

A separate schedule is being provided to you which lists (1) the number of your Profits Units that were outstanding immediately before the Reorganization and IPO and (2) the number

of NCLC Units that you have received as a result of the conversion of your Profits Units. As a result of the conversion of your Profits Units, you now hold the NCLC Units instead of the Profits Units.

In connection with the Reorganization and IPO, NCLH approved an Amended and Restated United States Tax Agreement for NCLC (the "**Tax Agreement**"). The Tax Agreement, the individual award notices entered into with the Profits Units holders, and the Exchange Agreement described below will serve as the partnership agreement for NCLC following the IPO, and will amend and replace the Profits Sharing Plan. Like the Profits Sharing Plan, the Tax Agreement sets forth your rights to receive distributions in respect of your NCLC Units, while the other requirements applicable to your NCLC Units continue to be as set forth in your award notice for your Profits Units.

The Tax Agreement contains one important new feature that was specifically included for the benefit of holders of NCLC Units such as yourself. It's possible that your NCLC Units will cause you to recognize your ratable share of U.S. taxable income that is earned by NCLC. To the extent funds are legally available, the Tax Agreement provides that NCLC will make "tax distributions" to you to provide you with a source of available funds to help satisfy U.S. tax liabilities related to your ownership of NCLC Units. The amount of these tax distributions will be computed based on NCLC's estimate of the U.S. taxable income allocable to you in respect of your NCLC Units multiplied by NCLC's estimate of the combined U.S. and state income tax rates applicable to you. Any non- pro-rata tax distributions paid to you, relative to NCLH, will reduce the amounts you would otherwise have been entitled to receive with respect to your NCLC Units, and any such unpaid tax distributions will be settled upon the ultimate exchange of your NCLC Units by a reduction in the amount of cash or NCLH shares you receive or via a cash payment from you.

The Tax Agreement is a publicly filed document, and may be accessed by clicking on the following link:

http://www.sec.gov/Archives/edgar/data/1513761/000119312513006058/d345508dex1097.htm

***New Exchange Agreement and Transferability of NCLH Ordinary Shares***

In connection with the Reorganization and IPO, NCLH and NCLC approved an Exchange Agreement for NCLC (the "**Exchange Agreement**"). The Exchange Agreement is part of the Tax Agreement, and was established for the benefit of holders of NCLC Units such as yourself in order to provide a mechanism for you to exchange your NCLC Units (which **are not** publicly-traded on NASDAQ) for ordinary shares of NCLH (which **are** publicly-traded on NASDAQ). Because the Exchange Agreement is a part of the Tax Agreement, you were automatically made a party to the Exchange Agreement pursuant to the terms of your Profits Units and the Profits Sharing Plan. As a result, you are automatically entitled to the exchange rights contained in the Exchange Agreement, which rights are described below.

Under the Exchange Agreement, you have the right to elect to surrender each of your vested NCLC Units to NCLC, NCLC will then elect to exchange the NCLC Units for either (1) one ordinary share of NCLH or (2) a cash payment equal to the then current fair market value of

one ordinary share of NCLH. Once you elect to exercise your exchange right for your NCLC Units, you will surrender all of your rights with respect to the exchanged NCLC Units and will instead become the record holder of the NCLH ordinary shares received in exchange for the NCLC Units (or the cash payment of equivalent value). It is expected that each NCLC Unit will remain exchangeable for NCLH ordinary shares on a 1-1 basis; however, the exchange ratio is subject to adjustment upon the occurrence of any stock splits, subdivisions, combinations, or similar extraordinary events as appropriate to preserve (and not increase or decrease) the economic value of your NCLC Units. Your exchange right is subject to all of the terms, conditions, and restrictions contained in the Exchange Agreement.

One restriction contained in the Exchange Agreement is that NCLH must have an effective registration statement under the Securities Act of 1933 (the "**Securities Act**") for the NCLH ordinary shares to be delivered to you in exchange for your NCLC Units. Under the lock-up agreement that NCLH was required to sign in connection with the IPO, NCLH may not file such a registration statement until at least 180 days following the date of the IPO (the "**Lock-Up Period**"). Following the expiration of the Lock-Up Period, NCLH intends to file a registration statement under the Securities Act to register the NCLH ordinary shares to be delivered to you in exchange for your NCLC Units on a continuous basis. You will not be able to exchange your NCLC Units for NCLH ordinary shares unless such a registration statement (or any successor registration statement) has been filed and remains effective. Even if an effective registration statement is on file with the SEC, you may still be prevented from exchanging your NCLC Units for a variety of reasons which are described in the Exchange Agreement (e.g. you may not make an exchange while in possession of material non-public information or during NCLH-imposed trading "blackouts"). NCLH and NCLC intend to establish notice and other procedures to implement your exchange right under the Exchange Agreement.

NCLH and NCLC currently anticipate filing a registration statement to register the NCLH ordinary shares to be delivered to you in exchange for your NCLC Units. Because the NLCH ordinary shares that you receive in exchange for your NCLC Units under the Exchange Agreement will be acquired in a registered public offering, the NCLH ordinary shares will not be considered "restricted securities" under the Securities Act. As a result, the exchanged NCLH ordinary shares that you receive are not expected to be subject to the 6-month holding period that is generally imposed on "restricted securities" under Rule 144 of the Securities Act. This is an important benefit being provided to you by NCLH and NCLC.

***The NLCH ordinary shares that you receive in exchange for your NCLC Units under the Exchange Agreement are generally expected to be freely transferred or sold, subject to the important limitations described below.***

*Securities Law Restrictions*. Any NCLH ordinary shares that you own—whether received in exchange for your NCLC Units or acquired in any other manner—may only be transferred or sold in accordance with applicable federal and state securities laws. If you are an "affiliate" of NCLH, the NCLH ordinary shares that you own are considered "control securities" and are subject to special restrictions under Rule 144 of the Securities Act. Sales and transfers of "control securities" must comply with the volume, manner of sale, notice and other requirements of Rule 144. Executive officers of NCLH and members of the board of directors of NCLH are considered "insiders" and may be deemed "affiliates" of NCLH for purposes of applicable

federal securities laws. If you are an "affiliate" of NCLH, before selling or transferring any of your NCLH ordinary shares, you should consult with your own legal counsel and/or investment advisors to confirm that the transaction complies with all applicable federal and state securities laws.

*Insider Trading Rules*. You are subject to applicable federal and state laws restricting trading on material non-public or "inside" information. These laws may limit your ability to sell any NCLH ordinary shares that you own–whether received in exchange for your NCLC Units or acquired in any other manner–from time to time.

*Section 16 Considerations*. If you are an "affiliate" of NCLH that is subject to the "short swing profit" provisions of Section 16 of the Securities Exchange Act of 1934 (the "**Exchange Act**"), you should consult with your own legal counsel and/or investment advisors to confirm that any transfer or sale of any NCLH ordinary shares that you own–whether received in exchange for your NCLC Units or acquired in any other manner–will not result in liability under Section 16(b) of the Exchange Act.

A form of the Exchange Agreement is a publicly filed document, and may be accessed by clicking on the following link and locating Annex A at the back of the Form of Tax Agreement:

http://www.sec.gov/Archives/edgar/data/1513761/000119312513006058/d345508dex1097.htm

***Tax Considerations for NCLC Units and NCLH Ordinary Shares Received Upon Exchange***

The exchange of your Profits Units for NCLC Units will not be a taxable transaction for you.

The exchange of your NCLC Units for NCLH ordinary shares will be a taxable transaction. You will recognize gain on the exchange of your NCLC Units equal to the difference between the fair market value of the NCLH ordinary shares received, as of the date of the exchange, less your tax basis in the NCLC Units surrendered. Your tax basis in the NCLH ordinary shares received will be equal to the fair market value of such shares on the date of the exchange and you will begin a new holding period for determining long or short-term capital gain as of the day following the exchange. For example, if the fair market value of the NCLH ordinary shares received on the date of the exchange was $30 and you sold those same shares for $30 on that same date, you would not recognize any additional capital gain as a result of the sale of the shares. However, any future appreciation or depreciation in the value of the shares after the date of the exchange will be either a long or short-term capital gain or loss.

You should consult your own tax advisor regarding the specific consequences to you of the receipt, ownership and disposition of the NCLC Units.

***Miscellaneous***

This Notice shall be governed by and construed and enforced in accordance with the laws of the State of Florida without regard to conflict of law principles thereunder.

This Notice may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Photographic or PDF copies of such signed counterparts may be used in lieu of the originals for any purpose.

***Further Questions***

If you have any questions regarding the conversion of your Profits Units into NCLC Units or the mechanics of how you may exchange your NCLC Units for ordinary shares of NCLH, please contact George Chesney at 305.436.4701 If you have any questions regarding the tax, financial and other consequences of the exchange of your NCLC Units for ordinary shares of NCLH or future sales of the exchanged NCLH ordinary shares, you should contact your own legal counsel, tax advisors, and/or investment advisors.

Please sign below to indicate your agreement to the terms of this Notice. Your signed copy of this Notice should be promptly returned to us.

Sincerely,

George Chesney
Senior Vice President, Human Resources

AGREED AND ACCEPTED:

_____

Name:

# Exhibit F

EX-10.5 8 d474597dex105.htm EX-10.5

**Exhibit 10.5**

**AMENDED AND RESTATED UNITED STATES TAX AGREEMENT**

**for**

**NCL CORPORATION LTD.**

This AMENDED AND RESTATED UNITED STATES TAX AGREEMENT (this "Agreement") of NCL Corporation Ltd., a company organized under the laws of Bermuda (the "Company"), is made effective as of January 24, 2013, by Norwegian Cruise Line Holdings Ltd., a company organized under the laws of Bermuda (the "Principal Member) and the members of the Company as set forth on the Member Schedule (collectively the "Members" and each a "Member").

1. Organizational Matters

(a) This Agreement was originally entered into January 7, 2008 by NCL Investment II Ltd., a company organized under the laws of the Cayman Islands ("NCL Investment II"), NCL Investment Ltd., a company organized under the laws of Bermuda ("NCL Investment"), Star NCLC Holdings Ltd., a company organized under the laws of Bermuda ("Star NCLC Holdings") (collectively the "Original Members" and each an "Original Member").

(b) On January 24, 2013, the Original Members transferred all of their shares of common stock of the Company to the Principal Member in exchange for ordinary shares of the Principal Member (the "Reorganization") in connection with the initial public offering of the Principal Member.

(c) Immediately prior to the Reorganization, each of the Members listed on the Member Schedule, other than the Principal Member, owned "profits units" in the Company. Immediately before and in connection with the Reorganization, the Company revalued the property of the Company to its fair market value in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f) and adjusted the Capital Accounts of the Members in accordance with Treasury Regulation Sections 1.704-1(b)(2)(iv)(f) and (g).

(d) Immediately following the revaluation described above in Section 1(c), the Members each had a capital interest in the Company. Each Member's capital interest in the Company shall be reflected by the Capital Account, Units and Membership Percentages in the Company as set forth next to each such Member's name on the Member Schedule.

2. Partnership Treatment.

(a) It is the intent of the Members for the Company to be treated as a partnership for U.S. federal, state and local income tax purposes and for each of the Members to be treated as partners in such partnership.

(b) No party to this Agreement shall make any election or otherwise cause the Company to cease being treated as a partnership for U.S. federal, state or local income tax purposes.

(c) This agreement together with the Exchange Agreement and each Award Notice shall constitute the partnership agreement of the Company within the meaning of Section 761(c) of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulation Section 1.704-1(b)(2)(ii)(h).

3. Distributions

(a) Generally. The Principal Member may cause, in its sole and absolute discretion, the Company to distribute cash to the Members. Any distributions to the Members pursuant to this Section 3(a) shall be made to the Members pro rata in accordance with their Membership Percentages.

(b) Tax Distributions.

(i) To the extent funds are legally available therefor, the Company shall make distributions of cash to the Members at such times as may be required so as to enable the Members to pay their quarterly estimated United States federal income taxes related solely to their allocable share of the net taxable income and gain allocated to them for the prior quarterly period. The tax distributions to each Member shall be equal to the sum of (A) the amount of income taxable in the U.S. allocated to such Member for the prior quarterly period, multiplied by (B) (1) in the case of an individual, the highest applicable Federal and state income tax rate applicable to a resident of Florida, and (2) in the case of the Principal Member, the highest income tax rate applicable to the Principal Member, in each case, as determined in the sole discretion of the Company (the "Tax Distributions"). The Tax Distribution shall be increased by any Taxes payable by a Member in any state other than Florida solely with respect to income allocated to such Member by the Company, as determined in the sole discretion of the Company.

(ii) Any Non Pro Rata Tax Distributions made to a Member, other than the Principal Member, pursuant to Section 3(b)(i) shall reduce the amount otherwise distributable to such Member pursuant to Section 3(a). A "Non Pro Rata Tax Distribution" shall mean, with respect to each Member other than the Principal Member, the excess of the amount of Tax Distributions received by such other Member, on a per Unit basis, over the corresponding Tax Distributions received, if any, by the Principal Member, on a per Unit basis.

(iii) If, at the time a Member elects to exchange any Vested Units pursuant to the Exchange Agreement, such Member has received a Non Pro Rata Tax Distribution with respect to such Vested Units that has not previously reduced an amount otherwise distributable to such Member pursuant to Section 3(a) with respect to such Vested Units, then (A) the amount of cash or NCLH Shares delivered to such Member shall be reduced by an amount equal to the unrecovered Non Pro Rata Tax Distribution with respect to such Vested Units (in the case of NCLH Shares based on the fair market value of the NCLH Shares on the date of the exchange), or (B) if such Member is delivered solely NCLH Shares, then such Member shall pay to the Company an amount equal to any unrecovered Non Pro Rata Tax Distribution with respect to such Vested Units within twenty (20) days of the receipt of such NCLH Shares.

(iv) It is the intent of the Parties that the amount of offset or obligation for repayment by a Member other than the Principal Member pursuant to Sections 3(b)(ii) and (iii) shall be limited to the amount of Non Pro Rata Tax Distributions received by such other Member, determined on a Unit by Unit basis, and such provisions shall be interpreted in a manner consistent therewith.

(v) Notwithstanding the foregoing, the Company shall not make any Tax Distributions if such Tax Distributions would be prohibited by applicable law or would cause a breach of any material debt agreement of the Company.

(c) Withholding. Each Member acknowledges and agrees that to the extent required under applicable law, the Company may withhold a portion of any distribution made hereunder in order to comply with such applicable law, and each Member agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and comply with any applicable law. Any amount distributed under Section 3(a) shall be net of any withholding tax required to be withheld with respect to such distribution. Any amounts withheld or paid shall be deemed actually distributed to such Member for all purposes of this Agreement.

(d) Unvested Units. If at the time any distribution (other than a Tax Distribution) is to be made in respect of any Unit pursuant to Section 3(a) while such Unit is an Unvested Unit, then the amount of such distribution shall be withheld from the holder of such Unvested Unit until the earlier to occur of (i) the time at which such Unvested Unit becomes a Vested Unit whereupon the amount so withheld (less any unrecovered Non Pro Rata Tax Distributions previously distributed to such Member with respect to such Vested Unit) shall be promptly paid by the Company to such holder without interest and (ii) the time at which such Unvested Unit is no longer eligible for vesting, whereupon the amount so withheld shall, at the sole discretion of the Principal Member, be distributed to the other Members pursuant to Section 3(a) or retained by the Company and held or used for any purpose, as the Principal Member may direct. Distributions withheld from a holder pursuant to this Section 3(d) will nonetheless be deemed to have been received by such holder for purposes of Section 3(a).

4. Capital Accounts. Solely for United States federal, state and local income tax purposes, each Member shall have a capital account (a "Capital Account") determined and maintained in accordance with Section 704 of the Code and the Treasury Regulations promulgated thereunder. The Capital Accounts of each Member as of the date of this Agreement shall be as set forth on the Member Schedule.

5. Allocation

(a) Allocation of Profits and Losses. Except as otherwise provided in this Section 5, the Company's income, gain, profits, losses, deductions and credits shall be allocated to the Members pro rata in accordance with their Membership Percentages.

(b) Adjustment of Loss Allocations. If the amount of loss for any fiscal year that otherwise would be allocated to a Member under Section 5(a) or this Section 5(b) would cause or increase a deficit balance in the Capital Account of such Member as of the last day of the fiscal year (after all other allocations have been made pursuant to this Section 5), then such member shall be allocated the amount of losses that does not cause or increase such deficit in the Member's Capital Account, and the remainder of such losses that would have been allocated to such Member shall be allocated to the other Members in proportion to their Membership Percentages. To the extent any loss is allocated on a non pro rata basis with respect to all of the Members, then, prior to any allocations of income or gain pursuant to Section 5(a), an amount of income or gain shall be allocated on a pro rata basis based on the amount of loss previously allocated to the Members who have been allocated a loss pursuant to this Section 5(b) until the amount of such income or gain allocated to such Members equals the amount of loss previously allocated.

(c) Regulatory Allocations. Notwithstanding any other provision of this Agreement to the contrary, in order to comply with tax rules set forth in the Code and the Treasury Regulations, any special allocations required to be made pursuant to the Treasury Regulations under Section 704(b) of the Code, including those related to "minimum gain chargebacks" and "qualified income offsets" (the "Regulatory Allocations") shall be made prior to the allocations set forth herein in accordance with the provisions set forth in such Treasury Regulations. The Regulatory Allocations are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss, or deduction pursuant to this Section 5(c). Therefore, notwithstanding any other provision of this Section 5 (other than the Regulatory Allocations), the Company shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement.

(d) Tax Allocations.

(i) Except as set forth in Sections 5(d)(ii), allocations for tax purposes of items of income, gain, loss and deduction, and credits shall be made in the same manner as allocations as set forth in Sections 5(a) through (c). Allocations pursuant to this Section 5(d)(i) are solely for purposes of U.S. federal and state income taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or distributions pursuant to any provision of this Agreement.

(ii) In the event that the book value, as determined in the sole discretion of the Principal Member, of an item of Company property differs from its tax basis, allocations of depreciation, depletion, amortization, gain and loss with respect to such property will be made for federal income tax purposes in a manner that takes account of the variation between the tax basis and such book

value of such property in accordance with Section 704(c)(1)(A) of the Code and Treasury Regulations Section 1.704-1(b)(4)(i). The Tax Matters Partner, in its sole discretion, may elect any permissible method for making such allocations.

(e) Adjustments. If the Tax Matters Partner determines that the Code or any Treasury Regulations require allocations of items of income, gain, profits, loss, deduction or credit different from those set forth in this Section 5, the Tax Matters Partner is hereby authorized to make new allocations in reliance on the Code and such Treasury Regulations, and no such new allocations will give rise to any claim or cause of action by any Member.

6. Administrative Matters.

(a) The fiscal year of the Company for accounting and tax purposes shall begin on January 1 and end on December 31 of each year, except for the short taxable years in the years of the Company's formation and termination as a partnership and as otherwise required by the Code.

(b) The Company shall cause to be prepared and timely filed all U.S. federal, state and local tax returns for the Company that are required to be filed and shall cause the timely provision to each Member of a Form K-1 or other similar form reasonably required for the Member to effect United States federal, state or local income tax return filings pursuant to the Code and any other document required for purposes of effecting a United States federal, state or local income tax return filing. The Members will provide such forms, information or certifications as are reasonably requested by the Company in order for the Company to comply with any tax or regulatory filing or withholding requirements. All of the Members shall file all tax returns and related documents consistent with the Form K-1 and information provided by the Company.

(c) The Principal Member shall act as the "Tax Matters Partner" as defined in Section 6231 of the Code and shall make such elections, in its sole discretion, under the Code and other relevant tax laws as to the treatment of items of the Company income, gain, loss, deduction and credit, and as to all other relevant matters, as the Tax Matters Partner deems necessary or appropriate.

7. Additional Members. The Company shall not permit any new Members after the date of this Agreement without the prior written consent of the Principal Member (which consent shall be within the sole discretion of the Principal Member); provided, however, the Principal Member may receive additional Units in connection with the transfer of NCLH Shares to the Company pursuant to the Exchange Agreement.

8. Restrictions on Transfers. No Member may transfer any interest in the Company without the prior written consent by the Principal Member, which consent shall be in the sole discretion of the Principal Member.

9. Severability. If any provision of this Agreement shall be determined to be illegal or unenforceable by any court of law, the remaining provisions shall be severable and enforceable in accordance with their terms.

10. Amendments. Except as otherwise provided in this Agreement, this Agreement may be amended only by the Principal Member in its sole and absolute discretion.

11. Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Delaware.

12. Counterparts. This Agreement may be executed in any number of counterparts, including by facsimile transmission, with the effect as if all parties had signed the same document. All counterparts shall be construed together and shall constitute one instrument.

13. Definitions

(a) "Award Notices" means the Award Notices entered into by the Members and the Company pursuant to which such Units were acquired by the initial holders thereof or any other document governing the vesting of such Units.

(b) "Exchange Agreement" shall mean that NCL Corporation Ltd. Exchange Agreement dated as of January 24, 2013, which shall be a part of this Agreement and attached hereto as Annex A.

(c) "Member Schedule" shall mean a schedule held and maintained by the Company at the offices of the Company reflecting all of the Members and each Member's Membership Percentage, Units and Capital Account.

(d) "NCLH Shares" means the ordinary shares of NCLH and any equity securities issued or issuable in exchange for or with respect to such NCLH Shares (i) by way of a dividend, split or combination of shares or (ii) in connection with a reclassification, recapitalization, merger, consolidation or other reorganization.

(e) "Unvested Unit" means any Unit that is not a Vested Unit.

(f) "Vested Unit" means any Unit that has vested pursuant to the terms and conditions of the Award Notice or other document pursuant to which such Units were acquired by the initial holder thereof or any other document governing the vesting of such Units.

*****

**IN WITNESS WHEREOF**, the undersigned has duly executed this Agreement as of the date first written above.

**NORWEGIAN CRUISE LINE HOLDINGS LTD.**

By: /s/ Daniel S. Farkas
Name: Daniel S. Farkas
Title: Senior Vice President,
General Counsel and Secretary

**ANNEX A**

**EXCHANGE AGREEMENT**

**for**

**NCL CORPORATION LTD.**

This EXCHANGE AGREEMENT (the "Agreement") of NCL Corporation Ltd, a company organized under the laws of Bermuda (the "Company") dated as of January 24, 2013, among the Company, Norwegian Cruise Line Holdings Ltd., a company organized under the laws of Bermuda ("NCLH") and the NCLC Unit Holders that are party to the NCLC Partnership Agreement (as defined herein).

WHEREAS, the parties hereto desire to provide for the exchange of certain NCLC Vested Units for NCLH Shares, on the terms and subject to the conditions set forth herein;

WHEREAS, the right to exchange NCLC Vested Units set forth in Section 2.1(a) below, once exercised, represents a several, and not a joint and several, obligation of the Company (on a *pro rata* basis);

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**ARTICLE I**
**DEFINITIONS**

SECTION 1.1 DEFINITIONS.

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Agreement" has the meaning set forth in the preamble of this Agreement.

"Award Notice" means the an Award Notice entered into by a NCLC Unit Holder and the Company pursuant to which such NCLC Unit was acquired by the initial holder thereof or any other document governing the vesting of such NCLC Units.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York are authorized or required by law to close or other day on which NCLH's headquarters are closed.

"Code" means the Internal Revenue Code of 1986, as amended.

"Exchange" has the meaning set forth in Section 2.1(a) of this Agreement.

"Exchange Date" means the date upon which an NCLC Unit Holder elects to exchange its NCLC Vested Units for NCLH Shares in accordance with the terms of this Agreement; provided that an Exchange Date must be a Business Day.

"Exchange Rate" means the number of NCLH Shares for which an NCLC Unit is entitled to be exchanged. On the date of this Agreement, the Exchange Rate shall be 1 NCLC Unit for 1 NCLH Share subject to adjustments as provided in Section 2.4.

"Insider Trading Policy" means the Insider Trading Policy of NCLH applicable to the directors and executive officers of NCLH or its manager, as such Insider Trading Policy may be amended from time to time.

"NCLC Partnership Agreement" means the Amended and Restated United States Tax Agreement of the Company dated as of the date hereof, as it may be amended, supplemented or restated from time to time.

"NCLC Units" means Units of the Company.

"Unvested Unit" means any NCLC Unit that is not a Vested NCLC Unit.

"NCLC Vested Unit" means any NCLC Unit that has vested pursuant to the terms and conditions of the Award Notice or other document pursuant to which such NCLC Unit was acquired by the initial holder thereof or any other document governing the vesting of such NCLC Units.

"NCLC Unit Holder" means each Person that is as of the date of this Agreement a holder of Units of the Company, other than the NCLH.

"NCLH Shareholders' Agreement" means the Amended and Restated Shareholders' Agreement of NCLH dated as of the date hereof, as it may be amended, supplemented or restated from time to time.

"NCLH Shares" means the ordinary shares of NCLH and any equity securities issued or issuable in exchange for or with respect to such NCLH Shares (i) by way of a dividend, split or combination of shares or (ii) in connection with a reclassification, recapitalization, merger, consolidation or other reorganization.

"Person" shall be construed broadly and includes any individual, corporation, partnership, firm, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

"Transfer Agent" means such bank, trust company or other Person as shall be appointed from time to time by the NCLH to act as registrar and transfer agent for the NCLH Shares.

**ARTICLE II**
**EXCHANGE OF NCLC VESTED UNITS**

SECTION 2.1 EXCHANGE OF NCLC VESTED UNITS.

(a) Subject to adjustment as provided in this Article II and in Section 3 of the NCLC Partnership Agreement, each NCLC Unit Holder shall be entitled, on any Exchange Date, to surrender NCLC Vested Units to the Company in exchange for the delivery by the Company of, at the election of the Company, either (i) a number of NCLH Shares equal to the product of such number of NCLC Vested Units surrendered multiplied by the Exchange Rate, or (ii) an amount in cash equal to the fair market value of the NCLH Shares such NCLH Unit Holder would have received if such NCLH Unit Holder received NCLH Shares pursuant to Section 2.1(a)(i) (such exchange, an "Exchange").

(b) On the Exchange Date that NCLC Vested Units are surrendered for exchange, all rights of the exchanging NCLC Unit Holder as holder of such NCLC Vested Units shall cease, and such exchanging NCLC Unit Holder shall be treated for all purposes as having become the record holder of such NCLH Shares.

(c) For the avoidance of doubt, any exchange of NCLC Vested Units shall be subject to the provisions of Section 3 of the NCLC Partnership Agreement.

(d) For the avoidance of doubt, the NCLC Unit Holders shall have no right to exchange any NCLC Unvested Units.

SECTION 2.2 EXCHANGE PROCEDURES.

(a) An NCLC Unit Holder may exercise the right to exchange NCLC Vested Units as set forth in Section 2.1(a) above by providing a written notice of exchange to NCLH, the Demand Parties (as defined in the NCLH Shareholders' Agreement) and the Company, substantially in the form of Exhibit A hereto, executed by such holder or such holder's duly authorized attorney in respect of the NCLC Vested Units to be exchanged, and delivered during normal business hours at the principal executive offices of NCLH;

(i) provided, however, that in the event that either Demand Party submits a Demand Notice (as defined in the NCLH Shareholders' Agreement) in accordance with Section 9(a) of the NCLH Shareholders' Agreement prior to 5:00 P.M. Eastern Standard Time on the second full calendar day after receipt of such written notice of exchange, such NCLC Unit Holder, as well as any other NCLC Unit Holder, shall not have the right to exchange his, her or its NCLC Vested Units as set forth in Section 2.1(a) above until the consummation of the applicable Demand Registration and the termination, expiration or waiver of any related lock-up agreements or hold-back arrangements entered into in connection therewith, and

(ii) provided, however, that the limitation set forth in Section 2.2(a)(i) above shall not apply to, or otherwise limit or restrict, any NCLC Unit Holder's right to exchange his, her or its NCLC Vested Units unless the market value of the NCLH Shares issuable upon exchange of the number of NCLC Vested Units set forth in the written notice of exchange would exceed $1,000,000 in value, based on the last reported sale price of NCLH Shares at the time such

notice is delivered to the Demand Parties. The "last reported sale price" of NCLH Shares means the closing sale price per share on the last trading date immediately prior to the date upon which a written notice of exchange is received from an NCLC Unit Holder, as such closing sale price is reported on the principal U.S. securities exchange on which NCLH Shares are traded (or, if such closing sale price is not so reported, the last reported sale price will be as otherwise reasonably determined by NCLH). The last reported sale price will be determined without reference to after-hours or extended market trading.

(b) As promptly as practicable following the surrender for exchange of NCLC Vested Units in the manner provided in this Article II, NCLH shall deliver or cause to be delivered at the principal executive offices of the Transfer Agent the number of NCLH Shares issuable upon such exchange, issued in the name of such exchanging NCLC Unit Holder.

(c) NCLH and the Company may adopt reasonable procedures for the implementation of the exchange provisions set forth in this Article II, including, without limitation, procedures for the giving of notice of an election for exchange. Further, the Company will coordinate with NCLH so that there will be sufficient NCLH Shares to deliver in exchange of NCLC Vested Units on each Exchange Date. This will be accomplished by, at the Company's option, either (a) NCLH contributing such NCLH Shares to the Company in exchange for a number of NCLC Units equal to the number of NCLC Vested Units being exchanged therefor or (b) having the Company direct NCLH to accept the relevant NCLC Vested Units directly from the applicable NCLC Unit Holder and transfer the relevant NCLH Shares directly to the applicable NCLC Unit Holder.

SECTION 2.3 BLACKOUT PERIODS AND OWNERSHIP RESTRICTIONS.

Notwithstanding anything to the contrary, an NCLC Unit Holder shall not be entitled to exchange NCLC Vested Units, and NCLH and the Company shall have the right to refuse to honor any request for exchange of NCLC Vested Units, (i) at any time that upon such request, NCLH does not have an effective registration statement under the Securities Act of 1933, as amended, with respect to the NCLH Shares to be delivered to the exercising NCLC Unit Holder, which registration statement (as supplemented by post-effective amendments, prospectus supplements, free writing prospectus and/or, to the extent permitted, documents incorporated therein by reference) contains all information, in the determination of NCLH, which may be based on the advice of counsel (which may be inside counsel), required to effect a registered sale of such NCLH Shares to NCLC and / or any NCLC Unit Holder, as the case may be, (ii) at any time upon such request, if NCLH or the Company shall determine, which may be based on the advice of counsel (which may be inside counsel), that there may be material non-public information that may affect the trading price per NCLH Share at such time or the sale of NCLH Shares may be otherwise prohibited under the Insider Trading Policy (iii) if such exchange would be prohibited under applicable law or regulation, (iv) at any time as determined either (a) by the Board of Directors or (b) jointly by the Chief Executive Officer and Chief Financial Officer or (v) at any time that such an exchange would be prohibited by Section 2.2(a)(i) hereof.

SECTION 2.4 SPLITS, DISTRIBUTIONS AND RECLASSIFICATIONS.

If there is: (1) any subdivision (by split, distribution, reclassification, recapitalization or otherwise) or combination (by reverse split, reclassification, recapitalization or otherwise) of the NCLC Units it shall be accompanied by an identical subdivision or combination of the NCLH Shares; or (2) any subdivision (by split, distribution, reclassification, recapitalization or otherwise) or combination (by reverse split, reclassification, recapitalization or otherwise) of the NCLH Shares it shall be accompanied by an identical subdivision or combination of the NCLC Units; provided that in lieu of either (1) or (2), the Exchange Rate may be appropriately adjusted by NCLH. In the event of a reclassification or other similar transaction as a result of which the NCLH Shares are converted into another security, then an NCLC Unit Holder shall be entitled to receive upon exchange the amount of such security that such NCLC Unit Holder would have received if such exchange had occurred immediately prior to the effective date of such reclassification or other similar transaction.

SECTION 2.5 NCLH SHARES TO BE ISSUED.

Nothing contained herein shall be construed to preclude NCLH from satisfying its obligations in respect of the exchange of the NCLC Vested Units by delivery of NCLH Shares which are held in the treasury of NCLH.

SECTION 2.6 TAXES.

The delivery of NCLH Shares upon exchange of NCLC Vested Units shall be made without charge to the NCLC Unit Holder for any stamp or other similar tax in respect of such issuance.

**ARTICLE III**
**GENERAL PROVISIONS**

SECTION 3.1 AMENDMENT.

(a) The provisions of this Agreement may be amended by the affirmative vote or written consent of each of the Company and NCLH.

SECTION 3.2 ADDRESSES AND NOTICES.

All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, by electronic mail (delivery receipt requested) or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be as specified in a notice given in accordance with this Section 3.2):

(a) If to NCLH, to:

Norwegian Cruise Line Holdings Ltd.
7665 Corporate Center Drive
Miami, Florida 33126
Attention: Daniel S. Farkas, Esq.
Electronic Mail: dfarkas@ncl.com

*with a copy to:*

O'Melveny & Myers LLP
610 Newport Center Drive
17th Floor
Newport Beach, California 92660
Attention: Jeff Walbridge and Chris Del Rosso
Electronic Mail: jwalbridge@omm.com; cdelrosso@omm.com

(b) If to the Company:

NCL Corporation Ltd.
7665 Corporate Center Drive
Miami, Florida 33126
Attention: Daniel S. Farkas, Esq.
Electronic Mail: dfarkas@ncl.com

*with a copy to:*

O'Melveny & Myers LLP
610 Newport Center Drive
17th Floor
Newport Beach, California 92660
Attention: Jeff Walbridge and Chris Del Rosso
Electronic Mail: jwalbridge@omm.com; cdelrosso@omm.com

(c) If to any NCLC Unit Holder, to the address for such NCLC Unit Holder as set forth on a Schedule maintained by the Company with respect to all of the NCLC Unit Holders.

SECTION 3.3 FURTHER ACTION.

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

SECTION 3.4 BINDING EFFECT.

(a) This Agreement shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this Agreement, their successors, executors, administrators, heirs, legal representatives and assigns.

(b) No NCLC Unit Holder shall transfer NCLC Units to any Person without the prior written consent of NCLH, which consent shall be in the sole discretion of NCLH, provided that the foregoing condition shall not apply to transfers of NCLC Vested Units to the Company or NCLH.

SECTION 3.5 SEVERABILITY.

If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions is not affected in any manner materially adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

SECTION 3.6 INTERACTION.

This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

SECTION 3.7 WAIVER.

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

SECTION 3.8 SUBMISSION TO JURISDICTION: WAIVER OF JURY TRIAL.

(a) Any and all disputes which cannot be settled amicably, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) shall be finally settled by arbitration conducted by a single arbitrator in Miami, Florida in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the dispute fail to agree on the selection of an arbitrator within thirty (30) days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of paragraph (a) in the case of matters relating to an Exchange, the Company may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each NCLC Unit Holder (i) expressly consents to the application of paragraph (c) of this Section 3.8 to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the Company as such NCLC Unit Holder’s agents for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise such NCLC Unit Holders of any such service of process, shall be deemed in every respect effective service of process upon the NCLC Unit Holders in any such action or proceeding.

(c) (i) EACH PARTY TO THIS AGREEMENT HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN NEW YORK, NEW YORK FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 3.8, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the forum designated by this paragraph (c) have a reasonable relation to this Agreement, and to the parties' relationship with one another.

(ii) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in the preceding paragraph of this Section 3.8 and such parties agree not to plead or claim the same.

(d) Notwithstanding any provision of this Agreement to the contrary, this Section 3.8 shall be construed to the maximum extent possible to comply with the laws of the State of New York. If, nevertheless, it shall be determined by a court of competent jurisdiction that any provision or wording of this Section 3.8, including any rules of the International Chamber of Commerce, shall be invalid or unenforceable under applicable law such invalidity shall not invalidate all of this Section 3.8. In that case, this Section 3.8 shall be construed so as to limit any term or provision so as to make it valid or enforceable within the requirements of applicable law, and, in the event such term or provision cannot be so limited, this Section 3.8 shall be construed to omit such invalid or unenforceable provision.

SECTION 3.9 COUNTERPARTS.

This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts for purposes of this Section 3.9.

SECTION 3.10 TAX TREATMENT.

To the extent this Agreement imposes obligations upon the Company, this Agreement shall be treated as part of NCLC Partnership Agreement as described in Section 761(c) of the Code and Sections 1.704-1(b)(2)(ii)(h) and 1.761-1(c) of the Treasury Regulations. As required by the Code and the Treasury Regulations, the parties shall report any Exchange consummated hereunder, as a taxable sale to NCLH or the Company, as the case may be, of NCLC Vested Units by an NCLC Unit Holder. No party shall take a contrary position on any income tax return, amendment thereof or communication with a taxing authority unless otherwise required by applicable law.

SECTION 3.11 APPLICABLE LAW.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF WHICH WOULD REQUIRE THE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICTION).

[Remainder of Page Intentionally Left Blank]

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be duly executed and delivered, all as of the date first set forth above.

**NORWEGIAN CRUISE LINE HOLDINGS LTD.**

By: /s/ Daniel S. Farkas
Name: Daniel S. Farkas
Title: Senior Vice President,
General Counsel and Secretary

**NCL CORPORATION LTD.**

By: /s/ Daniel S. Farkas
Name: Daniel S. Farkas
Title: Senior Vice President,
General Counsel and Secretary

[Exchange Agreement]

EXHIBIT A

FORM OF
NOTICE OF EXCHANGE

Norwegian Cruise Line Holdings Ltd.
[Address]
Attention:
Fax:
Electronic Mail:

NCL Corporation Ltd.
[Address]
Attention:
Fax:
Electronic Mail:

[Apollo]
[Address]
Attention:
Fax:
Electronic Mail:

[GHK]
[Address]
Attention:
Fax:
Electronic Mail:

Reference is hereby made to the Exchange Agreement, dated as of January 24, 2013 (the "Exchange Agreement"), among NCL Corporation Ltd, a company organized under the laws of Bermuda, Norwegian Cruise Line Holdings Ltd., a company organized under the laws of Bermuda and the NCLC Unit Holders that are party to the Amended and Restated United States Tax Agreement for NCL Corporation Ltd., dated as of January 24, 2013, from time to time party thereto, as amended from time to time. Capitalized terms used but not defined herein shall have the meanings given to them in the Exchange Agreement.

The undersigned NCLC Unit Holders desires to exchange the number of NCLC Vested Units set forth below to be issued in its name as set forth below.

Legal Name of NCLC Unit Holder: _____
Address: _____
Number of NCLC Vested Units to be exchanged: _____

[Exchange Agreement]

The undersigned (1) hereby represents that the NCLC Vested Units set forth above are owned by the undersigned, (2) hereby exchanges such NCLC Vested Units for NCLH Shares as set forth in the Exchange Agreement, and (3) hereby irrevocably constitutes and appoints any officer of the Company or NCLH as its attorney, with full power of substitution, to exchange said NCLC Vested Units on the books of the Company for NCLH Shares on the books of NCLH, with full power of substitution in the premises.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice of Exchange to be executed and delivered by the undersigned or by its duly authorized attorney.

Name: _____

Dated: _____

# Exhibit G

EX-10.2 3 d712716dex102.htm EX-10.2

**Exhibit 10.2**

**FIRST AMENDMENT TO THE AMENDED AND RESTATED UNITED STATES TAX AGREEMENT**

**for**

**NCL CORPORATION LTD**.

This First Amendment (this "Amendment") to the AMENDED AND RESTATED UNITED STATES TAX AGREEMENT of NCL Corporation Ltd., a company organized under the laws of Bermuda is made effective as of April 9, 2014, by Norwegian Cruise Line Holdings Ltd., a company organized under the laws of Bermuda and the Members, as defined in the Agreement.

A. The Members and the Company entered into that certain AMENDED AND RESTATED UNITED STATES TAX AGREEMENT on January 24, 2013 (the "Agreement").

B. The Company and the Members desire to amend the Agreement as set forth in this Amendment.

NOW, THEREFORE, the Agreement shall be amended as follows:

1. Tax Distributions. Section 3(b)(i) of the Agreement shall be amended by adding the following sentence to the end of such Section:

> "Notwithstanding the forgoing, the Company shall not be required to make a Tax Distribution pursuant to this Section 3(b) to any Member who is not a current director, officer or employee of the Company or any of its affiliates at the time such distribution is to be made, as determined in the sole discretion of the Company."

2. Miscellaneous. Except to the extent set for in this Amendment, the Agreement remains in full force and effect. If the provisions of this Amendment conflict with the provisions of the Agreement, then the provisions of this Amendment shall prevail.

3. Governing Law. This Amendment shall be construed and enforced in accordance with, and governed by, the laws of the State of Delaware.

4. Counterparts. This Amendment may be executed in any number of counterparts, including by facsimile transmission, with the effect as if all parties had signed the same document. All counterparts shall be construed together and shall constitute one instrument.

*****

**IN WITNESS WHEREOF**, the undersigned has duly executed this Agreement as of the date first written above.

**NORWEGIAN CRUISE LINE HOLDINGS LTD.**

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

# Exhibit H

EX-10.5 6 t1402007_ex10-5.htm EXHIBIT 10.5

**Exhibit 10.5**

**SECOND AMENDMENT TO THE AMENDED AND RESTATED UNITED STATES TAX AGREEMENT**

**for**

**NCL CORPORATION LTD.**

This Second Amendment (this "Amendment") to the AMENDED AND RESTATED UNITED STATES TAX AGREEMENT of NCL Corporation Ltd., a company organized under the laws of Bermuda is made effective as of September 29, 2014, by Norwegian Cruise Line Holdings Ltd., a company organized under the laws of Bermuda and the Members, as defined in the Agreement.

A. The Members and the Company entered into that certain AMENDED AND RESTATED UNITED STATES TAX AGREEMENT on January 24, 2013 (the "Agreement").

B. The Company and the Members desire to amend the Agreement as set forth in this Amendment.

NOW, THEREFORE, the Agreement shall be amended as follows:

1. Tax Distributions. Section 3(a) of the Agreement shall be amended and restated in its entirety as follows:

> "(a) Generally. The Principal Member may cause, in its sole and absolute discretion, the Company to distribute cash to the Members. Any distributions to the Members pursuant to this Section 3(a) generally shall be made to the Members pro rata in accordance with their Membership Percentages, *provided, however*, that the Principal Member may cause the Company to pay a dividend or make a distribution solely to the Principal Member, as otherwise permitted by applicable law, for such corporate or business purposes as the Principal Member shall deem necessary or appropriate in its sole and absolute discretion. In the event that the Company pays any dividend or makes any distribution to the Principal Member that is not paid or made pro rata to the other Members in accordance with their Membership Percentages, the Company shall make appropriate adjustments to the Principal Member's Units, Membership Percentage and Capital Account, all as reflected on the Member Schedule maintained by the Company, in accordance with Section 3(e) to appropriately reflect the relative economic interests of the Members."

2. Unit Adjustments. Section 3 shall be amended by adding a new paragraph (e) as follows:

> "(e) Unit Adjustments, etc. To the extent the Company pays any dividend or makes any distribution to the Principal Member that is not made pro rata to the other Members in accordance with their Membership Percentages as provided in Section 3(a), the Company shall reduce the number of Units held by the Principal Member, with corresponding

changes to its Membership Percentage and Capital Account, based on the amount of such dividend or distribution and the then fair market value per Unit, to appropriately reflect the relative economic interests of the Members. To the extent the Principal Member contributes cash or assets to the Company, the Company shall increase the number of Units held by the Principal Member, with corresponding changes to its Membership Percentage and Capital Account, based on the amount of cash or the fair market value of the assets so contributed and the then fair market value per Unit, to appropriately reflect the relative economic interests of the Members. In each case, the Company shall make the appropriate updates to the Member Schedule."

3. Miscellaneous. Except to the extent set forth in this Amendment, the Agreement remains in full force and effect. If the provisions of this Amendment conflict with the provisions of the Agreement, then the provisions of this Amendment shall prevail.

4. Governing Law. This Amendment shall be construed and enforced in accordance with, and governed by, the laws of the State of Delaware.

5. Counterparts. This Amendment may be executed in any number of counterparts, including by facsimile transmission, with the effect as if all parties had signed the same document. All counterparts shall be construed together and shall constitute one instrument.

*****

**IN WITNESS WHEREOF**, the undersigned has duly executed this Agreement as of the date first written above.

**NORWEGIAN CRUISE LINE HOLDINGS LTD.**

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

# Exhibit I

Posted on: December 1, 2014



# Colin Veitch, visionary

By Tom Stieghorst

Insight

Six years ago, former CEO Colin Veitch quietly departed Norwegian Cruise Line as new ownership accepted his resignation and elevated Kevin Sheehan to his job.

Veitch's tenure was marred by Norwegian's overly ambitious expansion into Hawaii, an operation the line has since cut from three money-losing ships to one profitable one.

But a case can be made that Veitch was the most influential and creative cruise CEO of the past decade. Several innovations that Veitch either pioneered or popularized have been adopted by other lines, a tip of the hat to the competitive boost they've given Norwegian.

The most significant has been the spread of dining choices to wide swaths of the industry. The latest to fall in line has been Royal Caribbean International, which debuted its "Dynamic Dining" on the Quantum of the Seas this month. Are there differences between "Dynamic Dining" and "Freestyle Dining?" Some. But would Royal have busted up its main dining room into four themed restaurants without the example from Norwegian to pave the way? At the very least, Veitch was ahead of the curve.


*Tom Stieghorst*

Some of Veitch's inspiration for Freestyle Dining came from Star Cruises, which was full owner of the line when he was hired in 1998. In the Asian market, Star's ships had more dining choices. No one was sure the staffing for multiple galleys would work outside of Asia, but it has.

Another wrinkle that grew out of Star's experience was the separate enclave for luxury passengers now called the Haven on Norwegian. It has been a boost to profits and has been cloned by MSC Cruises for its Yacht Club. Other cruise lines are doing more for their top passengers, as well, in part to respond to Norwegian's gambit.

Under Veitch, Norwegian also bet on cabins for singles, putting 128 of them on the Norwegian Epic, complete with a dedicated lounge. They took space that would otherwise been used for low-yielding interior cabins and won gratitude from solo travelers everywhere. Now, Holland America Line has announced it will have cabins for singles on its Koningsdam, due in 2016.

Not everything he tried worked, but Veitch took chances and the things that panned out were big changes for the industry. Norwegian is now a public company with a newly completed acquisition under its belt and a full order book of new ships for the future.

Without Colin Veitch, Norwegian might not have survived to enjoy its newfound success.







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# Exhibit J

skift.com

# Exclusive: Norwegian Cruise Line's Former CEO Was Removed Over Misconduct, Lawsuit Claims

*— Hannah Sampson*

When Kevin Sheehan abruptly stepped down as the CEO of Norwegian Cruise Line Holdings in early 2015, the announcement came without warning or explanation.

And his surprise exit followed a series of big moves for the company: Norwegian went public in 2013, and then acquired the high-end Prestige Cruise Holdings in late 2014 for $3 billion.

Frank Del Rio, who had overseen Prestige and planned to stay with the merged company through the end of 2015, instead took over as CEO. About the reason for Sheehan's surprise departure, he would only say: "It's a matter of policy we don't comment on personnel matters."



But a lawsuit filed in Miami-Dade Circuit Court by Sheehan's predecessor at Norwegian, Colin Veitch, includes incendiary accusations about alleged impropriety that led to departure. The complaint — alleging breach of contract and libel — was filed in late November, but escaped media attention until now. Sheehan denied the claims in a response filed in January.

A flurry of motions filed in recent weeks show the cruise company and Sheehan are eager to remove those allegations from the public record and track down the source of the information.

According to the suit, Sheehan resigned after a monthlong investigation that revealed "a long pattern of personal and professional misconduct and recklessness, stunning in its scope and hubris, corrosive and detrimental in its impact on the company, and deeply undermining of the workplace culture" that Veitch had established during his tenure.

The suit claims: "Mr. Sheehan abused his position of power as CEO of the company, violated numerous company policies, and placed the company at great risk of civil liability, based on his longstanding improper relationships with numerous crew members, shoreside staff, staff of affiliated companies, and other travel industry-related personnel."

It alleges that Sheehan moved employees between ships to coincide with executive visits, coordinated their availability on shore before and after their contracted times, and promoted people on the basis of their relationship with him.

"The board, with full knowledge of its CEO's behavior, persisted in employing him, before terminating him in December 2014," the suit says. Sheehan actually resigned Jan. 8, and ultimately received a $13.4 million severance package, according to a regulatory filing.

He has recently returned to the cruise world, investing in the one-ship Bahamas Paradise Cruise Line in Palm Beach County and serving as non-executive chairman for the online travel agency CruisingStore.com. He was named president and CEO of the gaming company Scientific Games Corporation in August. Sheehan filed a response to the suit denying the allegations without elaboration.

In a text message to Skift late Friday, Sheehan wrote: "Mr. Veitch's claims are meritless and will be proven so in court."

Attorneys representing Sheehan and Norwegian could not be reached to comment on the suit Friday. A spokeswoman for Norwegian said the company does not comment on pending litigation.

An attorney for Veitch, who led Norwegian from 2000-2008, declined to say anything for the story and said Veitch would not comment.

**The Response**

Norwegian's attorneys have sought to strike the allegations, seal the complaint and force the filing of a new version without the accusations. In court records, attorneys called the claims "scandalous, wholly irrelevant, and immaterial" — and also apparently unlawfully obtained.

Norwegian is also seeking to depose Veitch to find out who told him about the allegations, what they told him, which documents formed the basis for those allegations, and any public information he had about the claims.

But a motion filed this week by Veitch's attorneys claims that "practically everyone inside NCL, and most people outside NCL in the broader cruise industry, were aware for many years of Mr. Sheehan's indiscretions, and the board's toleration of same."

The claims about Sheehan's departure are only tangential to the core of the lawsuit, part of which claims that a complicated change in a complex profit-sharing mechanism caused Veitch between $10-20 million in damage.

The suit — a recitation of years-old slights and score-keeping — also accuses Sheehan of libeling Veitch by disparaging him in a message to the industry publication Travel Weekly and, over the years, to banks, shipyards, a private equity firm, and others. Sheehan denies those charges. The suit claims the company did nothing to stop Sheehan from making "gratuitous, disparaging, and derogatory statements" about Veitch over many years.

Sheehan's email to Travel Weekly followed a laudatory December 2014 story in the publication that called Veitch a "visionary" and said a case could be made that he was "the most influential and creative cruise CEO of the past decade," according to the complaint. In his response, Sheehan said "the 'Sheehan Email' speaks for itself.

Veitch was "elated" by the story, especially as he was preparing to take legal action against Richard Branson's Virgin Group for allegedly stealing his ideas for a cruise line.

Sheehan was less pleased, the complaint says, and responded to the piece with a skewering of Veitch's tenure at the cruise line. The suit claims Sheehan responded to the story because he was jealous of Veitch's reputation.

"He found that his predecessor's good reputation impeded his own aspirations and his jealousy of Mr. Veitch was further fueled by his own poor reputation at NCL that developed after he engaged in numerous acts of misconduct and ultimately led to his unceremonious termination by the NCL Board of Directors," the complaint says. Again, Sheehan denied that claim.

The Travel Weekly story was taken down at some point.

Last year, Veitch reached a settlement with Virgin Group over his lawsuit claiming the company stole his ideas. In a statement released with the cruise company, he said that he looked forward to seeing what the Virgin brand would deliver to the cruise industry.

“Virgin and Virgin Cruises thank Mr. Veitch for his contribution during the early phases of the project, given his long record of innovation and industry insight,” the statement said. “They wish him well for his future endeavors.”

# Exhibit K

TOURISM & CRUISES MARCH 13, 2017 6:47 PM

# Suit claims former Norwegian Cruise Line Holdings CEO had improper relations with employees



VIDEOS

Kevin Sheehan, former CEO of Norwegian Cruise Line Holdings, is being sued by his predecessor Colin Veitch for libel and breach of contract. **PATRICK FARRELL** - MIAMI HERALD STAFF

BY CHABELI HERRERA
*cherrera@miamiherald.com*

Two former Norwegian Cruise Line Holdings CEOs are duking it out Dr. Phil style in a sizzling lawsuit that claims one was fired due to improper relationships with Norwegian employees.

When former CEO Kevin Sheehan abruptly resigned in January 2015 after seven years with the cruise line, the reason for his departure was not publicly released. But according to a lawsuit filed by his predecessor, Colin Veitch, in Miami-Dade County circuit court in November, the Miami-based cruise company and many in the industry knew the circumstances of his departure.

According to the suit, Norwegian and its affiliated companies have "long been aware" of Sheehan's "improper behavior and relationships" with employees aboard its cruise ships. The allegations about Sheehan's personal conduct appear in a section of lawsuit in which Veitch says Sheehan libeled him in an email to a trade publication.

The story was first reported on Skift.

> **MR. SHEEHAN'S SEXUAL MISBEHAVIOR WAS NOT CONFIDENTIAL AT ALL, BUT RATHER WAS WIDELY KNOWN: 'PRACTICALLY EVERYONE INSIDE NCL, AND MOST PEOPLE OUTSIDE NCL IN THE BROADER CRUISE INDUSTRY, WERE AWARE FOR MANY YEARS OF MR. SHEEHAN'S INDISCRETIONS, AND THE BOARD'S TOLERATION OF SAME.'**
>
> Colin Veitch's lawsuit against Kevin Sheehan

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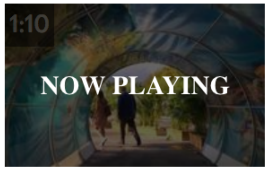


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The primary charge in the suit relates to Veitch's severance package. Sheehan purposely withheld payments from Veitch, the suit alleges, resulting in millions of dollars in damages to Veitch.

But Veitch also claims libel, saying that Sheehan sent a "vindictive, false and defamatory" email to Travel Weekly after the trade publication published a glowing article about Veitch in December 2014. Travel Weekly eventually published Sheehan's email and took down the article on Veitch's tenure at Norwegian and his role in several of the line's most innovative concepts — some that proved successful and others that were not.

"Not sure your writers do any fact-checking, but I have to tell you the article on my predecessor is absolutely insulting to our entire organization," Sheehan wrote in the email. "There's a reason that seven years later your visionary is out of work." The purported text of the email is contained in the lawsuit.

Veitch, who retired after leaving Norwegian, claims in the suit that the email was an attempt by Sheehan and Norwegian to destroy his reputation and salvage Sheehan's own.

Why? Because he was jealous, Veitch claims in the suit, and because Sheehan had a tainted reputation of his own.

> **IN LIGHT OF THE OUTRAGEOUS AND FALSE STATEMENTS MADE BY MR. VEITCH, [NORWEGIAN] WILL RESPOND ON A VERY LIMITED BASIS TO CONFIRM THAT IT WILL BE SEEKING SANCTIONS AGAINST MR. VEITCH AND HIS COUNSEL FOR THE IMPROPER ALLEGATIONS CONTAINED IN THE LAWSUIT.**
>
> Vanessa Picariello,
> Norwegian Cruise Line Holdings spokeswoman


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**Suit claims former Norwegian Cruise Line Holdings CEO had improper relations with employees**

Veitch claims Sheehan abused his power at the company, engaging in improper relationships with "numerous crew members, shoreside staff, staff of affiliated companies and other travel industry-related personnel." That included moving employees between ships to coincide with executive visits, the suit claims, and influencing promotions based on the individual's relationship with Sheehan.

According to the legal complaint, a month-long investigation by the cruise company from December 2014 to January 2015 prompted Sheehan's departure, after the investigation confirmed a pattern of "personal and professional misconduct and recklessness, stunning in its scope and hubris, corrosive and detrimental in its impact on the company."

Though the board of the company was well aware of Sheehan's indiscretions, the suit claims, the company didn't fire him until December 2014. Frank Del Rio, CEO of Prestige Cruises International, which Norwegian acquired, took over as CEO after Sheehan.

Norwegian, which has a policy of not commenting on matters of litigation, made an exception for this case.

"In light of the outrageous and false statements made by Mr. Veitch, [Norwegian] will respond on a very limited basis to confirm that it will be seeking sanctions against Mr. Veitch and his counsel for the improper allegations contained in the lawsuit," said Vanessa Picariello, a spokeswoman for the cruise company.

**SINCE THE SUIT WAS FILED, NORWEGIAN'S ATTORNEYS HAVE SOUGHT TO STRIKE FROM THE RECORD WHAT THEY CHARACTERIZE AS 'IMMATERIAL, IMPERTINENT AND SCANDALOUS' ALLEGATIONS AGAINST SHEEHAN FROM VEITCH'S COMPLAINT.**

Since the suit was filed, Norwegian's attorneys have sought to strike from the record what they characterize as "immaterial, impertinent and scandalous" allegations against Sheehan from Veitch's complaint. The cruise company's attorneys are also seeking to depose Vetich to uncover how he knew about the allegations and what material proof he has for them, according to court documents.

In a motion filed last week, Veitch's attorneys said he has no objections to the deposition, because "Mr. Sheehan's sexual misbehavior was not confidential at all, but rather was widely known: 'Practically everyone inside NCL, and most people outside NCL in the broader cruise industry, were aware for many years of Mr. Sheehan's indiscretions, and the board's toleration of same.'"

Last year, Veitch settled a lawsuit against The Virgin Group for $300 million after Veitch alleged that Virgin stole his plan to build two "ultra ships."

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COMMENTS

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