

CARIBBEAN IS OPEN FOR BUSINESS

**Moderator: Michele Paige
October 16, 2017
10:00 am CT**

Operator: Ladies and gentlemen thank you for standing by and welcome to the Caribbean is Open for Business conference call. During the presentation all participants will be in a listen-only mode. Afterwards we will conduct a question and answer session. At that time if you have a question please press the 1 followed by the 4 on your telephone. If at any time during the conference you need to reach and operator please press Star Zero. As a reminder this conference is being recorded Monday, October 16, 2017. I would now like to turn the conference over to Michele. Please go ahead ma'am.

Michele Paige: Good morning. Thank you very much for joining us. I am Michele Paige, President of the Florida Caribbean Cruise Association. We appreciate everyone joining this call today to discuss the latest developments in the Caribbean. I'm joined on the line today by two of the most respected leaders in the cruise and travel industry Adam Goldstein, President and COO of Royal Caribbean Cruises and our FCCA Chairman we are opening is going to join us in a little while. He's been delayed.

And Arnold Donald CEO of Carnival Corporation who also serves as Global Chair of CLIA. Following my update and brief comments from Adam and Arnold we will open up the call for questions. Let me start by saying that the FCCA and our member lines in close coordination with our partners have been working tirelessly on hurricane relief including donating millions of dollars to recovery efforts and delivering much needed emergency relief supplies across the region.

At the FCCA and across the cruise industry we will continue to support recovery and rebuilding efforts and we are keeping everyone affected by the storm in our thoughts and prayers after all Caribbean destinations and stakeholders are not just our partners but our family. At the same time it is very important for the general public to know that the vast majority of the Caribbean was completely unaffected by the September storms and that the Caribbean has been and continues to be very much open for business. This is so important because there is a degree of public perception that the entire Caribbean has been affected by storms and this is not a good time to travel to the region.

We are here to tell you today the perception could not be further from the truth. The fact is that most of the region was completely unaffected and is operating as usual and we expect over 90% of all Caribbean destinations to be welcoming cruise guests in coming weeks.

That means the vast majority of the Caribbean world renowned beautiful and inviting destinations are welcoming thousands of daily cruise guests and treating them to unforgettable vacations every day. We have announced a comprehensive multi-million-dollar campaign to spread the Caribbean is Open for Business message including creative content targeting multimedia sources with destination footage, travel testimonials and visual graphics to show off

the beauty of the Caribbean, celebrity support to help generate awareness along with special events and destination messaging and our FCCA cruise conference coming up next week in Mexico where we'll use the platform as the largest cruise conference and tradeshow in the Caribbean and Latin America to kick off the campaign.

We are currently reviewing several concepts and themes for the campaign's creative element and we will be able to share more details as we continue to ramp up these communication efforts in coming days. We know in a single cruise season cruising has directly generated as much as \$2.4 billion for the Caribbean on top of nearly 55,000 jobs and \$842 million in wage income. And those figures come from a study that only looked at 21 total destinations and just a single cruise call represents about a half a million in economic impact. Clearly cruising has a major economic impact of the entire Caribbean and that impact is vital to supporting growth and opportunity to individuals and families throughout the region.

We are here with you today to emphasize that the Caribbean remains open for business as one of the top destinations in the world and that when travelers spend their hard earned dollars for a great cruise vacation they're also supporting recovery and rebuilding across the region. In short one of the very best ways to support the Caribbean is to actually cruise to the Caribbean and experience destination products ranging from beaches, rivers, waterfalls to mountains, forests, deserts, culture and cuisine influenced by the Dutch, French, Spanish, British and a creole mix of it all, year-round great weather and of course the happy friendly people ready to welcome you with a warm smile. Now I'd like to hand over the call to Adam Goldstein if he's on for some brief comments. Adam are you there?

Adam Goldstein: I am there Michele and think you very much. I know I'm supposed to say something now but after that motivational speech I feel like it's time to go out of the locker room and cover the opening kickoff. So from my point of view and really seriously thank you Michele. That was terrific.

So Florida and the Caribbean have been our company's home for almost 50 years. The Caribbean is right in our name. And every year millions of our customers take a cruise and get to experience the beauty and the wonder of the Caribbean and we really don't expect this year to be any different. Of the 50 ports in the Caribbean that our brands call on only four were significantly affected -- St. Martin, St. Thomas, St. Croix and San Juan and as Michele mentioned all of those will be welcoming guests before the end of November. So we really have a very optimistic view even in the short term and for example Royal Caribbean International's Adventure of the Seas resumed operating cruises already from San Juan on October 7, has already been on another cruise since then full of guests eager and excited to visit the Caribbean as they've always been. So we expect and hope the many, many more of our customers will follow the lead of our current customers and book a cruise vacation to the Caribbean either now or soon. I guarantee they will be disappointed. Michele?

Michele Paige: Thank you very much Adam. Now I'd like to have Arnold Donald say a few words.

Arnold Donald: Thank you Michele and thank your Adam. I also want to just thank everybody for being on the call this morning. You know, we know some people wonder if it's a good time to go to the Caribbean or if they should wait and the answer is simply that it is a great time to go to the Caribbean. Most of the region as Michele and Adam have pointed out was untouched by the storms meaning almost all of the beautiful and enjoyable destinations the people have come to

know and love are open and welcoming visitors with big smiles and open arms.

We also encourage that recovery as Adam and Michele have pointed out is happening very, very quickly in the affected areas. And that's thanks to widespread support efforts and the strength and resiliency of the people, the locals in those areas across the Caribbean who are very supportive of one another. We expect virtually every destination to be up and running in coming weeks which is a very positive outcome for the Caribbean as a whole and important for all of our cruise guests to know as they look forward to a great vacation experience.

We also have to keep in mind that the Caribbean stretches for 1,000,000 square miles and that's encompassing obviously a very large area of exotic places to see and explore. And there are literally hundreds of different itineraries to choose from. So we're encouraging everyone who is interested in traveling to the Caribbean to check out the many cruise vacation options available or to call their travel agent to book a cruise while there is still time to get ahead of winter and enjoy the warm and sunny weather in the Caribbean.

The hard-working and fun-loving people across the region are always very eager to welcome cruise visitors and along with all of us in the cruise industry willing to do whatever it takes to provide guests with a great vacation experience. And on top of that as Michele said there is no better way to support the Caribbean then to go to the Caribbean.

We have over 60,000 guests on most 20 ships sailing right now in the Caribbean. The ships are full, the experiences are great and we encourage people to check it out. So with that let me turn things back to Michele. Michele?

Michele Paige: Thank you very much Arnold. Now we'd like to open up the lines for your questions.

Operator: Thank you. Ladies and gentlemen if you would like to register a question please press the 1 followed by the 4 on your telephone. You will hear a three-toned prompt to acknowledge your request. If your question has been answered and you would like to withdraw your registration please press the 1 followed by the 3. If you are using a speakerphone please lift your handset before entering your request. Once again ladies and gentlemen on the phone lines it is 1, 4 to ask a question. One moment please for the first phone question.

Our first phone question is from the line of Seema Mody. Please go ahead.
Your line is now open.

Seema Mody: Hello everyone. This is Seema Mody from CNBC Business News. Thank you for arranging this call today. My question for the leaders in the cruise industry is to talk about pricing of Caribbean fares. Are there any discounting or deals being offered to encourage customers to continue to travel to the Caribbean in the coming months?

Michele Paige: Adam would you please take that and then Arnold can - will weigh in?

Adam Goldstein: Sure. So look there's a tremendous value in the industry's price proposition to the customer at all times. And so we expect the kind of customer reaction that has filled ships in the past at rates that have allowed the companies to perform well to continue on into the future. So this is a great time to cruise in the Caribbean. There's a lot of momentum in the market and there is always a role

for discounting in some element of the consumer price equation but overall I think we're in a business as usual type mode.

Michele Paige: Arnold?

Arnold Donald: Yes and this is Arnold just commenting. You know, I can only share what we shared in our last, you know, quarterly earnings call. And that is, you know, we were largely booked through the fourth quarter for the Caribbean. And we were ahead on price and bookings for the first half of next year so we actually have less inventory to fill at the time of the call then which was after the hurricanes then we did the prior year.

So while there might be on any given itinerary as Adam points out on any given time, you know, some incentive offer for certain categories, et cetera, you know, fundamentally the industry is strong, our business is very strong. And the purpose of this call in this effort is just to show support to the Caribbean and to encourage people to go because, you know, that's the big economic multiplier for those regions.

And then, you know, we're a partner with them at all times. And so but in terms of filling the ships I think if people are waiting to get a deal, you know, I can't speak for everybody. I can only speak as I said at the time of our earnings call, you know, it's a great place to go. We're already a much better value than land based equivalent vacations and I would wait for a deal. I think it's a great value, it's a great vacation experience and cruising is a great way to do it.

Michele Paige: (Malika)?

Operator: Thank you. And ladies and gentlemen the Q&A in the queue section please share what media outlet you are with before asking your question. Our next question is from the line of Thomas Stieghorst. Please go ahead. Your line is now open.

Thomas Stieghorst: Hi. Thank you operator. It's Tom Stieghorst from Travel Weekly. My question is for Arnold Donald. It's a two-part question about the Carnival Fascination. The next four months of cruises have been canceled and as ships chartered to FEMA I wondered A, whether there was a significant number of cancellations for these cruises leading out of Puerto Rico and B, if there's a dollar figure in your arrangement with FEMA about how much Carnival is going to be compensated for the charter and if not when that dollar figure will be determined?

Arnold Donald: The ship was largely booked. We had over 31,000 people booked for the ship. You know, we had not experienced any large number of cancellations or anything but FEMA needed the beds. If, you know, Puerto Rico's going to recover you have to get workers there and responders there and they really needed the beds. Our philosophy on this thing is that we can't harm our shareholders. So we look at what we would have earned had we been sailing the ship normally. In this case it was, you know, largely booked already through the period. And we just make sure that our shareholders come out the same as if, you know, we had operated.

So it's a lot of extra work by our team to manage all of those guests, you know, who had planned their vacations. Obviously we're going to do everything possible to give them, you know, a same or even enhanced experience. But, you know, the reality is it's a lot to manage for us but the ship was needed. And we felt that we could accommodate our guests, that it would be understanding. There is, you know, lots of other ships we could put them on.

There are other dates they can go, you know, on that particular vessel if they want to sail after the four month period and, you know, we're doing things to facilitate to make sure the guests are okay but the ship was needed.

Thomas Stieghorst: Sure. Okay and so there's no dollar figure in the charter contract?

Arnold Donald: There is a dollar figure but unfortunately I don't have it at my fingertips. For the four months as, you know, the four months of a sold out ship is a significant amount. Roger might be able to circle back in provide some of that information. Roger Frizzle, our Head of Communications is also on the line.

Thomas Stieghorst: Okay thanks. I'll get with him.

Arnold Donald: Thank you.

Operator: And our next question is from the line of Chabeli Herrera. Please go ahead.
Your line is open.

Chabeli Herrera: Hi everyone, Chabeli Herrera from the Miami Herald. Thanks so much for the call. My question's sort of two-part. Michele you were talking a little bit about the economic of the Caribbean. And I was wondering when you lose at least three of these ports are major ports on the Eastern Caribbean itineraries if you had any sense of what the economic loss will be for this time period before all of the cruises sort of start up again? And the second part of the question was how – what was the status of shore excursions on the places that were hit the hardest and how important is it that that gets back up also before you sort of restart – going to the three, the four islands?

Michele Paige: We don't have the economic impact as it relates to the destinations but as I said each call represents direct economic impact of a half \$1 million. So it's

significant. But the good news is that the cruise industry doesn't need the infrastructure that the land-based tourism does. So as happened 12 years ago after Wilma the cruise industry was able to successfully bring back the ships to Cozumel which aided the recovery of Cozumel because without those ships coming back three weeks later the private sector would have been devastated and not been able to support themselves. So there is direct correlation in the ships coming back and the faster recovery of the destination.

Chabeli Herrera: Okay. And Adam and Arnold anything about the shore excursions on those islands and how they sort of ensuring that that's back up and running also as well with when you get the ships back there by the end of...

((Crosstalk))

Adam Goldstein: Sure. Well we're very involved across all of these key ports in dialogue with our traditional short excursion operators. That could be about boutiques, they could be about beaches, that could be a about boats. There's a wide range of short excursion elements that need to be available in order for us to deliver a guest satisfying experience at a port. And there's no point in going to a port if we can't deliver a guest satisfying experience. So as you see us begin to return to the various key destinations that were affected by the hurricanes then that is a statement on our part that we now believe we have secured appropriate shore excursion capacity to deliver a guest satisfying experience.

And then once again I would like to reinforce the fact is Michele, Arnold and I all said that most of the Caribbean ports have not been affected by the storms. So if you combine the fact that most were never affected with the fact that we are now finding we can secure a guest satisfying shore excursion experience for the guests that we want to take back to these ports we feel very comfortable about the situation moving forward.

Chabeli Herrera Okay.

Arnold Donald: And I would simply reinforce Adam's point that, you know, the number one thing is they exceed our guest expectations. And so we're not going to take any place where they can't have a great experience. So, you know, excursions that guests love have to be up and operating in a fashion that is going to, you know, absolutely exceed their expectations.

So just to add a little bit more to that we have an excursion we've created in St. Maarten. And that excursion will be up - I'm not sure if the port will be up or not but that excursion will be up and operating, you know, by December 1 for certain. It's a zipline adventure, areas, a number of other things for guests there. But that's in St. Maarten and it's going to be up and running for sure.

Similarly we have a destination in Turks and Caicos on Grand Turk and our destination there that is our private destination will be up within the next 30 days or so and fully operational with all of the excursions that guests love and experience. So recovery is going to be rapid. And the most important thing is Adam and Michele both pointed out is that, you know, Adam mentioned they go to 50 ports. There's maybe almost 95 ports or something in the Caribbean and in total over 80 of them were operating fine and weren't, you know, weren't really touched in any significant way, you know, by the storms.

So therefore there's plenty of places to go now. Adam is sailing, you know, with his brands and we're sailing with our brands and so are the other cruise companies right now while we're talking on this phone. There's tens of thousands. We have over 60,000 if you add up the industry. You know, I'm sure it's close to hundred thousand more guests having a great time in the Caribbean as we speak right now.

Chabeli Herrera: Great. Thank you so much.

Operator: Our next question is from the line of (Hannah Simpson). Please go ahead your line is open.

(Hannah Simpson): Hey guys it's (Hannah) from (Gift). I know you said you're pretty well-booked for winter and the near-term. Can you say anything about what you're seeing looking into next summer and fall specifically next hurricane season? Are you noticing any patterns that show that people are reluctant to book next hurricane season given how active this one was or are trends not really off from where you would've expected pre-storm?

Michele Paige: Adam do you want to take the first wave?

Adam Goldstein: Well I mean I appreciate (Hannah)'s question but unfortunately that's the type of question that we need our next earnings call to comment on which will be in early November.

Arnold Donald: Yes and the only comment I would add to that is simply we are a 45-year-old company. And we've been in the Caribbean for 45 years. And there have been many years of hurricanes. And as bad as this was there've actually been years with hurricane seasons with multiple category five storms, et cetera, and so there's a lot of history. And so I can only say again what we said during our earnings call which is that we'll have to watch and pay attention to it. But the more people are aware through things like this that the Caribbean is up and running, you know, the less probability there will be any kind of lasting impact in terms of people being concerned about going to the Caribbean because there's really no reason to be concerned.

Michele Paige: (Malika)?

Operator: And our next question is from the line of Jason Leppert. Please go ahead.
Your line is now open.

Jason Leppert Yes. Hello there. Good morning. This is Jason Leppert from TravelPulse. I was just wondering Michele what is your thoughts regarding Norwegian Cruise Lines changing their deployment primarily from Eastern Caribbean to the Western and are you encouraging the return to the East?

Michele Paige: Each cruise line has a direct relationship with their destination partner. As I said they're family so they are very, very conscious of the need to go back to the destination. But all the destinations are working together. For instance when we could not get supplies into the British Virgin Islands or St. Maarten the other destinations we could drop it off there that they would get the goods there.

So we're all working together. So it's keeping the ships in the Caribbean, keeping them happy. And then when the destinations are fully recovered and the cruise lines feel that they can go back -- it's a business decision -- they will go back. But as I said they know that these destinations lifeblood depends on them going back so they're very conscious of that.

Jason Leppert: Okay. Thank you so much.

Operator: And our next question is from the line of Melanie Lieberman. Please go ahead. Your line is now open.

Melanie Lieberman: Hi. This is Melanie from Travel Leisure Magazine. I'd like to thank you all for your time. And I'm curious like giving, you know, the recent events if

there are any new ports of call excursions in particular at destinations that have been impacted Puerto Rico for example that are dedicated to connecting cruisers with humanitarian or relief projects and efforts like that?

Adam Goldstein: So if I may we are interested in offering tours of that type. I think in fairness though the overwhelming focus is the rapid recovery of the traditional shore experiences, shore excursion experiences that people of traditionally enjoyed over the years working with the destinations on beach restoration, road clearance, power into the areas where the merchants want to sell their wares and so forth. That's job number one. But to the extent that we find our customers are interested to participate in helping in ways that make sense for guests on vacation we will look at that as the recovery process unfolds.

Melanie Lieberman: Great. Thank you.

Arnold Donald: And similarly for us we have our Fathom experiences now offered across a number of brands primarily in the Dominican Republic in the Puerto Plata region but also their activities in selected other places in the Caribbean. And so we'll look to see if we can expand the offerings of those activities for people, you know, who may want to try to volunteer as part of their vacation, you know, to help in some way.

So we're exploring and expanding what we already offer but we do have some offers that exist that exist in those places before the hurricane. But obviously, you know, with those impacted by the hurricane would benefit, you know, from the activities.

Melanie Lieberman: Great. Thank you so much.

Arnold Donald: Thank you.

Operator: And our next question is from the line of (Greg Coates). Please go ahead.
Your line is open.

(Greg Coates): Yes. I'm just wondering if we get a little more specific update on St. Maarten how it's doing and the recovery mode?

Michele Paige: Arnold do you want to take that word you want me to say something?

Arnold Donald: Well you can too. I think what I would say I was just there a few days after the hurricane and obviously we're checking in. But I think Adam pointed out he was optimistic it would be up by the end of November. As I said I know our excursion will be operating by then but we'll see where the port is and, you know, whether it will be up to full capacity or just able to take a few ships in at a time.

There's a lot of cleanup to do in St. Maarten's for certain but they were very much on it already just a few days after the storm. So, you know, again I can't predict for them but I would be surprised if, you know, by January or even before Christmas, you know, St. Maarten's isn't up and running at a level and a quality that again would exceed guest expectations. Michele?

Michele Paige: Well I've got good news for you. The airport is fully operational as of October 10 and they're projecting by November 11 they're going to be fully operational for all the tours to be able to offer a wonderful experience.

Arnold Donald: Excellent.

Operator: And our next question is from the line of Leslie Owen. Please go ahead. Your line is open.

Leslie Owen: Good morning. Thank you for taking the call. I'm with Travel Agent Professional, formally Travel Trade Publication. With a travel advisory for Cuba - I guess this is directed to Adam. Is Cuba still going to remain on the schedule and also for Arnold is - are they - are you ever going to bring back something like Fathom to concentrate on Cuba?

Adam Goldstein: Thank you. As of this time we are operating all of our itineraries that have Cuba Havana stops on their itineraries as normal. And we don't have any intention to deviate from that based on everything that we currently know.

Leslie Owen: Thank you.

Arnold Donald: Yes and for us the same. You know, our Carnival brand has a ship that goes there out of Tampa and those itineraries are continuing as they were before. Holland America will begin sailing there soon with a ship as well later this fall. And so our operations are up and going.

In terms of Fathom for Cuba again Fathom exists available on Carnival and will be on Holland America ships that go to Cuba for some of the activities there. But the thing about Cuba is every one that goes now goes under the 12 approved forms of travel. And so they're all doing, you know, some kind of cultural immersion or education, et cetera, type of tours. So there's not a whole lot that's unique other than the curated experience on board.

In terms of Fathom overall as I mentioned before is being expanded across the brands and being offered across the brands and they've also expanded their platform. They're doing work for in China and other places to curate, you know, really unique experiences where the traveler can grow and develop and where the travel can feel in their growth and development that by working

closely with locals they're having been a real impact on the destination that they happen to visit.

Leslie Owen: Thank you very much.

Arnold Donald: Thank you.

Operator: And our next question is from the line of Brian Major. Please go ahead. Your line is open.

Brian Major: Good morning everyone. I've just returned from the Caribbean Tourism Organization State of the Industry conference in Granada. The big message coming out of there was that both Caribbean land base and cruise-based arrivals were trending significantly upward for the both this year and into 2018.

The leaders express that the storms would have a significant impact on land-based arrivals this year, more than half - declined by more than half. I'm wondering if you guys see similar trends for cruise-based arrivals both for 2017 or 2018? What are the expectations on passenger growth in the Caribbean?

Michele Paige: Adam you want to take it first?

Adam Goldstein: Michele why don't you comment from an industry perspective.

Michele Paige: From the industry perspective we don't see any changes. You know, as I made reference to we are keeping the ships in the Caribbean. We're working diligently to return the ships to the itinerary to because we know it's the lifeblood of those destinations.

Arnold Donald: Yes. And just a general comment, you know, obviously as you can imagine land base if they got hit by the storm and they're also dependent even in some of the out islands they're dependent on air traffic.

Michele Paige: Correct.

Arnold Donald: So, you know, the airlift component has to be there. And the combination of those things I'm sure a number of properties, you know, had upgrade plans, you know, planned out in their future but if they have to do some major work now they're going to go ahead and take the extra time and do their upgrades and so on. So you can see how land-based stuff would be, you know, impacted for a more extended period of time. But cruise ships in general...

Michele Paige: And during...

Arnold Donald: ...I'm not answering your question directly but just conceptually. Clearly our assets are mobile. We don't ever sail them into the storms. We stay away from the storms, et cetera. And the ships are mobile and fine and operating and are in great shape and have no challenge, you know, like the land-based hotels might. And so once the port is open and the excursions are up and running we're good to go. And so...

Michele Paige: And...

Arnold Donald: Go ahead Michele.

Michele Paige: And Brian your question comes to the heart of why we're doing this campaign. This is not a self-serving campaign. This is a campaign done out of love for the Caribbean to showcase that the Caribbean is open for business.

Brian Major: Thank you very much. And...

Arnold Donald: And the FCCA Web site is going live today. In fact it's live now for your guys and the Web site is Caribbean is open.com.

Brian Major: Thank you. I have to say the leaders I spoke with in the Caribbean were very appreciative of the efforts of the cruise lines.

Arnold Donald: Thank you.

Adam Goldstein: And equally we're very appreciative of their resilience. I would say to a person that at least the ones that we have met with on the different destinations they are absolutely determined to come back better than before. They obviously the impact at islands felt a tremendous impact. It's almost like a badge of honor at this point that they can take a blow like that and come back better. So yes we are proud and pleased to be able to help but the credit really goes to the people on the islands and their determination.

Arnold Donald: Agreed.

Operator: Okay. And our next question is from the line of Alan Wilson. Please go ahead your line is open.

Alan Wilson: Hi. This is Alan Wilson with Cruise News Daily. And I wondered if you could give us some information, some definitive information about what the conditions are like in San Juan specifically for a passenger going to embark or disembark on a cruise? We hear, you know, from cruise lines everything is going to be acceptable but yet the national media keeps talking about these

terrible shortages of everything from fuel, to water, to electricity where it wouldn't be a pleasant experience.

Adam Goldstein: Right. So I was there last week. And if you are a resident at almost anywhere on the island because really the entire island was affected at some level by the storm Maria or - it's a difficult existent if you don't have electricity. You know, and I was just complementing the people for their determination.

It's really quite amazing that you have people who are acting in a completely professional capacity during normal work hours of the day working on restoration, having governmental meetings, figuring out what to do working with the US federal government and other people who have come in as first responders knowing that they're going back home at night to a home that's dark and hot and not the way that it should be and yet they continue to strive every day for improvement. That's a different situation for the most part than what we are looking at in terms of our ability to contribute to their economic recovery.

When you drive around the old town of San Juan it looks completely fine. El Morro the fortress obviously by definition it's been there 500 years it's completely fine. So the port Pan-American terminals one and two they clearly had some impacts but we're already using them to turn Adventure of the Seas around. So this isn't talking all about how they will be in a month. We've already turned two cruises there in the last two weekends. So I think it's really important to understand the distinction between the long road that Puerto Rico has ahead of it to fully recover from the impact of the storms and what we need to do to deliver a guest satisfying experience that contributes to the economic recovery of the island.

Arnold Donald: And I'll tell you to an extent New Orleans is still recovering from Katrina which happened over ten years ago. And, you know, we obviously were onboarding ships as was others in the industry in New Orleans, you know, a year or so or less after Katrina.

And so this happens. There is recovery. You know, people will feel impact depending on, you know, exactly how they were impacted by the storm directly, you know, potentially for years to come. But the most positive thing we can all do is to help support them through the economic multiplier effect of taking advantage of the wonderful things that are fully operational available for people to still enjoy.

Alan Wilson: Okay. And how are hotels for people that have two overnight in San Juan? Are they a normal experience?

Adam Goldstein: Well very few of our customers who are on these cruises that are happening right now on the Adventure of the Seas are needing hotel space. So although it's probably tight with government workers coming in from the mainland United States and probably will be for a while because of the amount of responder work that needs to be done, we're able to secure the capacity that we need. But most of the – our traffic is either people flying in on the day, taking the cruise and flying back when the cruise comes back of the day or they're local people from the Puerto Rico community who want to be in a cruise right now. That's the vast majority of our customers.

Alan Wilson: Okay thank you.

Operator: Once again ladies and gentlemen on the phone lines please press 1, 4 to ask a question. Once again it is 1, 4. And our next question is from the line of Cindy Sosroutomo. Please go ahead. Your line is open.

Cindy Sosroutomo: Hi. This is a question from Travel Week. A question for Adam. Can you please repeat which four ports were affected and is there a specific date in mind for when these four will be reopened?

Adam Goldstein: So more than four ports were affected in total but I commented on four in particular because they're pretty meaningful to our Caribbean program. So in the US Virgin Islands that's St. Thomas and St. Croix and then there's San Juan as we're just discussing and of course St. Maarten's that we were discussing before. Those are the four that have the most significant role of ports that were affected by the storms. Once again I want to emphasize the vast majority of ports were not affected. There are other ports that clearly were affected like Dominique. It was very strongly affected but it does not play significant role in our itinerary mix.

Cindy Sosroutomo Thank you.

Michele Paige: And Barbuda who is just adjacent to (Impeda) we don't have any ships going to Barbuda. They go to Antigua and Antigua was not affected.

Operator: And our next question is from the line of Elizabeth Harriman. Please go ahead. Your line is now open.

Elizabeth Harriman: Hi there. I'm Elizabeth Harriman with West Ways Magazine. And I apologize my question was answered. My question was about Cuba. I must have not pushed in the correct code to delete my question, I'm sorry. But thank you all so much for doing this. This is very helpful information -- much appreciated.

Adam Goldstein: Thank you.

Operator: Our next question is from the line of Susan Young. Please go ahead. Your line is now open.

Susan Young: Yes hi, Susan Young from travelagentcentral.com. Two questions one of which Alan asked but I'll just follow-up a little on that. In terms of San Juan and the shore excursions are – is it safe to say you're presumably doing things primarily right within San Juan? In other words you're not doing shore trips to the rain forest or doing things further out? What's - what should an agent tell a client about what they're going to see on San Juan? Is it just the city core itself assuming that the damage is worse further out?

Adam Goldstein: It will probably be Susan more emphasis on the city core than there has been in the past at least in the near term. Yes it is correct that the El Yunque Rain Forest was particularly damaged, a lot of significant amount of tree damage which is sort of what that place is.

Susan Young: Right.

Adam Goldstein: So that will take longer to recover than anything in and around the city core.

Susan Young: Okay. All right and that I have one other question and that is travel agents. Any thought of getting some of your advisory board people or some additional travel agents on some of the maybe perhaps open cabins that you may have two go down here and take a look at these islands and be able to come back and make a report either to their consortia or to the other folks that were able to showcase what it is that is open and, you know, how it's working?

Adam Goldstein: I'm sure that where space permits we're happy to do that as we normally would be.

Susan Young: But you don't have any plans for any travel agent effort to get...

((Crosstalk))

Adam Goldstein: I'm not aware of anything specific but I'm happy to follow-up with our...

((Crosstalk))

Susan Young: Okay yes.

Adam Goldstein: (Unintelligible).

Susan Young: That would be great.

Operator: And our next question is from the line of Gina Kramer. Please go ahead. Your line is open.

Gina Kramer: Thank you. Hi everybody. It's Gina Kramer, Cruise Critic again. And first and foremost thank you for taking the time to hold this discussion.

My question is it actually might be more fit for Michele but I understand shore excursions booked directly through the cruise lines are recommended and preferred but they're also is obviously a sector of people who tend to book independently. And so I'm wondering would you discourage people from booking those independent tours in certain ports whether that's for safety or security reasons?

Michele Paige: Thank you for the question. We always discourage people from booking independently because we know that they're going to have a better experience

if they book through the cruise line. The cruise lines take every single opportunity to work with the operator to ensure that they have insurance, that they have training, that it's the best possible experience. So we always encourage that.

But barring that we do know that independents are needed then we worked very diligently with the government to ensure that the government has and put in place standards for the independents. So we are positive that the independents working with the government because the government knows that they're going to be judged on the experience that the independent puts forward as well as those that have contracts.

Operator: And our next question is a follow question from the line of Brian Major. Please go ahead with your question.

Brian Major: Yes quickly you gave a very quick synopsis of Puerto Rico status. Similarly US Virgin Islands, St. Thomas one of the major cruise ports can you talk about what might be available to the guests there and what the status is as far as you know?

Michele Paige: Adam?

Adam Goldstein: So I was there - yes thanks. I was there on Tuesday also along with Richard Fain and Michael Bayley to on St. Thomas just to be clear. We did not go to St. Croix so our review was of St. Thomas.

Again in Charlotte Amalie the downtown area is looking in good shape and we – and the merchants were very bullish. Actually not just the merchants but all of the shore excursion operators of various different types whether they're more of the adventure kind or more of the retail kind all very bullish about the

progress that they're making yet today and their ability to come back better than before.

There's still road clearance but has to take place in and around the hills of St. Thomas and that's happening every day now. And Magen's Bay which is one of the key beach areas of the island is something that I can vouch for Royal Caribbean International taking a very strong posture of involvement in the restoration of that beach area. And that together with the other beach restoration efforts that are going on will have St. Thomas back in good order very shortly. So the governor is extremely bullish for the island being able to do as Arnold would say exceed the guest expectations by early middle November and that's what were all aiming for.

St. Croix we didn't go to. They're one of the two towns was not really affected much, the other more. And so the restorations of our efforts are taking place there. But again during the month of November we expect things to be in good shape.

Operator: And our next question is from the line of (Shirti Amakrishman). Please go ahead. Your line is open.

(Shirti Amakrishman): Hi. This is (Shirti) from Reuters News. Hey Arnold. Hi Adam.
So...

Adam Goldstein: (Unintelligible).

((Crosstalk))

(Shirti Amakrishman): ...it's been some time since the hurricanes came and I'm guessing you had some time to estimate the impact that it's had on both your

operations. So would you be able to say if they're having any significant revenue impact to Carnival and Royal Caribbean's revenue (basically) on the hurricanes?

Michele Paige: Arnold?

Arnold Donald: Yes sure. So as we said in our last earnings call we've experienced a 10 cent to 12 cent impact per share. That's a combination of canceled cruises, you know, redirected cruises where we had to issue credits and so on and so forth and then some uncertainty around for guests in terms of cruising immediately after the hurricanes, you know, the week or two after and some anticipation of that. So that was all factored into our guidance for the full year and we were still able to raise our guidance, the midpoint of our guidance to the full year and to raise our range, you know, despite, you know, all it - despite the 10 cent to 12 cent impact. But it was a sizable impact.

You know, we expect things to go wrong during the year because there's always typhoons, hurricanes, cyclones, geopolitical events and so on and so forth and it happens every year. But obviously no one anticipates that large an impact in a quarter. But despite that thanks to the hard work of our people and our partners the travel agent professionals we were able to raise our guidance for the full year.

Michele Paige: Adam?

Adam Goldstein: So we have - yes thank you Michele. We have not had an earnings call since before any of these storms were on the horizon. And our next one will be in a few weeks and then we will comment at that time.

(Shirti Amakrishman): Great. Thank you.

Operator: Ladies and gentlemen as a final reminder it is 1, 4 to ask a question on the phone lines. And our next question is from the line of Anne Kalosh. Please go ahead. Your line is open.

Anne Kalosh: Hi. Good morning. Thanks for doing the call. It's Anne Kalosh with (Detroit). I apologize if you've already addressed British Virgin Islands my call was dropped earlier. Has that been discussed?

Michele Paige: Adam you did a good...

Adam Goldstein: No we just...

Michele Paige: Do you want to take it?

Adam Goldstein: Well we have relatively little traffic to the British Virgin Islands. I have seen and Michele maybe you can also comment because they have written specifically to FCCA detailing some of the progress that they have made. So it's not - the focus for us is more on what we've been talking about -- St. Maarten, St. Thomas, St. Croix and San Juan.

((Crosstalk))

Michele Paige: So Ann to answer that question the British Virgin Islands is absolutely open and ready. They are just putting the final touches on cleaning their beaches. So I think when they can put the final touches on cleaning the beaches they're in good stead right?

Arnold Donald: Yes. I would say, you know, I can't speak for Tortola but outside of that one area because I don't have the direct information. And Michele you might. I can assure you with the rest that they're going to be up and running.

Operator: Signal. And our next question is from the line of Nancy Schretter. Please go ahead. Your line is open.

Nancy Schretter: Yes this is Nancy Schretter, Family Travel Network. One of the popular shore excursions from St. Thomas is going over to St. John and doing snorkeling and things over there. Is that going to be up and operational at some point and do you have any idea what the situation is in St. John?

Adam Goldstein: Well sure it'll be open and...

((Crosstalk))

Michele Paige: Adam do you know that answer?

Adam Goldstein: For sure it will be open and operational at some point. Again there's a huge determination for everything to come back better than before. Having said that...

Nancy Schretter: (Unintelligible).

((Crosstalk))

Adam Goldstein: ...when we were there last Tuesday I believe that the local government was still waiting for updated communications from the National Park Service because the National Park Service has a very significant role to play in St. John...

Nancy Schretter: Yes.

Adam Goldstein: ...more so than any other area that we've been discussing. And it didn't seem to be that clear as of six days ago what the status was and the government was waiting for an update. So that's the best information I have.

Nancy Schretter: Thank you so much.

Operator: And there are no further questions at this time.

Michele Paige: Thank you very much everyone for joining us. And remember the Caribbean is open for business.

Operator: Ladies and gentlemen that does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your lines.

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