

ROYAL CARIBBEAN CRUISES LTD
Form PRE 14A
April 07, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Royal Caribbean Cruises Ltd.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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

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Royal Caribbean Cruises Ltd.

NOTICE OF 2015 ANNUAL MEETING AND PROXY STATEMENT

MIAMI, FL ½ MAY 28, 2015

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PROXY SUMMARY

Our Annual Meeting is an important event and we look forward to welcoming you. It provides Management and the Board of Directors with an opportunity to receive collective feedback from our shareholder base on how we are performing. We place significant value on your opinion and we have strived to highlight in this summary key information for you to consider. It is important, however, that you read the entire proxy statement carefully before voting.

Annual Meeting of Shareholders

When: May 28, 2015
9:00 AM EDT

Where: JW Marriott Marquis Miami
255 Biscayne Boulevard Way
Miami, Florida 33131

Record Date: March 30, 2015

Voting: Shareholders as of the record date are entitled to vote.

Admission to Meeting: We encourage our shareholders to attend the meeting. Proof of share ownership will be required for admission. See General Information for details.

Meeting Agenda

Elect directors
Approve executive compensation
Approve delisting the Company's common stock from the Oslo Stock Exchange
Ratify Pricewaterhouse Coopers LLP as our independent auditor
Vote on shareholder proposal

Other business that may properly come before the meeting

Voting Matters and Vote Recommendation

	Page for More Information	Board Vote Recommendation
Election of eight directors	23	FOR
Vote on executive compensation	60	FOR
Vote to delist the Company's common stock from the Oslo Stock Exchange	61	FOR
	63	FOR

Ratification of Pricewaterhouse Coopers LLP as our independent auditor

Shareholder Proposal

AGAINST

65

Governance Highlights

We are committed to maintaining strong governance practices and have taken a number of important strides forward over the past year. These include:

ENHANCEMENTS TO LONG-TERM

INCENTIVE COMPENSATION PROGRAM

We increased the performance period for our performance share grants from 1 year to 3 years; we changed the metrics to align the program with our Double-Double Program (increasing ROIC to double digits and doubling 2014 profitability by 2017); and we lengthened the clawback period.

IMPLEMENTATION OF CLAWBACK POLICY FOR EXECUTIVE SHORT-TERM BONUS PLAN

Beginning in 2015, cash bonuses granted under our Executive Short-Term Bonus Plan will be subject to clawback provisions.

Table of Contents**PROHIBITION OF HEDGING OF COMPANY SHARES BY EMPLOYEES AND DIRECTORS**

We amended our securities trading policy to expressly prohibit our employees and directors from entering into any transaction to hedge the economic risk of owning the Company's stock.

BOARD DIVERSITY

We amended our Corporate Governance Principles and practices to better foster diversity on the Board.

PROHIBITION ON CASH BUYOUT OF UNDERWATER OPTIONS

We modified our plans and policies to expressly prohibit the Company from repurchasing underwater stock options.

BOARD DECLASSIFICATION

We are completing the declassification of the Board. As of this Annual Meeting, all directors' terms end next year.

Other Key Governance Facts

Current size of the Board	11
Current number of Independent Directors	9
Audit, Compensation and Nominating Committees Consist Entirely of Independent Directors	Yes
All Directors Attended at least 75% of Meetings Held	Yes
Majority Voting for Directors	Yes
Non-Management Directors Meet Regularly in Executive Session	Yes
Annual Board and Committee Self-Evaluations	Yes
Shareholder Ability to Call Special Meetings (50% threshold)	Yes
Shareholder Ability to Act by Written Consent	Yes
Annual Vote on Executive Compensation	Yes
Management Succession Planning	Yes
Poison Pill	No
Directors and Employees Permitted to Hedge Company Shares	No

Board Nominees

Name	Director			Principal Occupation	Independent	Committee Memberships			
	Age	Since				AC	CC	NGC	SEH
John F. Brock	66	2014		Chairman & CEO, Coca-Cola Enterprises Inc.	Yes		M	M	
Richard D. Fain	67	1981		Chairman & CEO, Royal Caribbean	No				
Ann S. Moore	64	2012		Former Chairman & CEO, Time Inc.	Yes		M		
Eyal M. Ofer	64	1995		Chairman, Zodiac Maritime	Yes			M	M
William K. Reilly	75	1998		Founding Partner, Aqua International Partners	No				C
Vagn O. Sørensen	55	2011		Former President & CEO, Austrian Airlines Group	Yes	M	M		M
Donald Thompson	52	N/A*		Retired President & CEO, McDonald's Corporation	Yes				
Arne Alexander Wilhelmsen	49	2003			Yes			M	

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Chairman,
AWILHELMOSEN AS

* Mr. Thompson, our director nominee, does not currently serve as a member of the Board.

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Continuing Board Members (serving terms expiring at the 2016 Annual Meeting)

Name	Age	Director		Principal Occupation	Independent	Committee Memberships			
		Since				AC	CC	NGC	SEH
William L. Kimsey	72	2003		Former CEO, Ernst & Young Global	Yes	C		M	
Thomas J. Pritzker	64	1999		Executive Chairman, Hyatt Hotels	Yes				C
Bernt Reitan	67	2004		Former Executive Vice President, Alcoa	Yes	M	C		

AC	Audit Committee	C	Chair
CC	Compensation Committee	M	Member
NGC	Nominating and Corporate Governance Committee		
SEH	Safety, Environment and Health Committee		

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Executive Compensation Programs

The foregoing summary highlights information contained elsewhere in the proxy statement. This summary does not contain all of the information that you should consider, and we urge you to read the entire proxy statement carefully before voting.

Midway through 2014, we announced our Double-Double program, which called for increasing the Company's Return on Invested Capital (ROIC) to double digits and doubling our 2014 Adjusted Earnings per Share, both by 2017. 2014 was a good year for the Company, with our brands performing at their strongest levels ever and our Double-Double program solidly on track. Our compensation programs responded to these outcomes as outlined below.

How We Performed

Record Adjusted EPS* of \$3.39, representing a 40% year-over-year improvement

Strong yield improvement

One year total shareholder return of 77%; cumulative five-year shareholder return of approximately 250%

ROIC for 2014 was approximately 3.0% above the target set by the Company at the beginning of 2014

Significant operational/strategic achievements, including:

- i Continued strong onboard revenue growth
- i Year-over-year decrease in net cruise costs excluding fuel per Available Passenger Cruise Day
- i Highly successful introduction of *Quantum of the Seas*
- i Promotion of two new Brand Presidents, both of whom are long-time veterans of the Company
- i Commencement of new strategic partnership SkySea Cruises- to build a national cruise line for China
- i Completion of sale of *Celebrity Century*

How We Paid our Executives

Continued focus on at-risk pay, with 85% of target compensation for our Chairman & CEO (and 71% for other Named Executive Officers (NEOs)) variable based on Company performance

Base salary increases for our named executives largely reflect changes to leadership roles as discussed in more detail herein; Our Chairman & CEO did not receive a base salary increase.

Paid bonuses to our NEOs between 118% and 132% of target based on exceeding defined metrics (CEO bonus at 118% of target)

Performance shares based on 2014 ROIC earned at 119% of target

Provided a one-time special performance-based equity award for our Chairman and CEO to reflect his leadership in delivering outstanding results for shareholders (the total equity award for 2014 was comprised of approximately 79% performance shares and 21% restricted stock units)

Provided one-time special equity awards for our other named executives to reflect our exceptional performance and to foster retention

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- i Completion of Pullmantur restructuring and sale of non-core businesses

- i Continued dividend growth

- i Repurchase of 3.5 million shares

* See Annex A for reconciliation of non-GAAP and GAAP measures presented.

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We place significant focus on the design of our executive compensation programs as we believe their effectiveness is crucial to our success as a company. We assess our programs regularly and strive diligently to continuously make improvements as well as incorporate shareholder feedback. While we have tried to maintain a reasonable level of consistency and continuity over the years, we implemented enhancements effective in both 2014 and 2015. These enhancements increased our emphasis on performance based compensation and made it longer-term. Our 2014 program and additional 2015 enhancements are summarized in the tables below.

Snapshot of our 2014 Executive Compensation Program

<p>Continued emphasis on at risk compensation</p>	<p><i>85% of target compensation for Chairman & CEO (and 71% for other NEOs) varies based on Company performance</i></p> <p><i>50% of annual long-term incentive awards comprised of performance shares</i></p>
<p>Maintained focus on both long-term and short-term financial metrics and key strategic/operational measures</p>	<p><i>Continued the use of both shorter-term financial measures and critical operational measures, such as safety and guest and employee engagement, in our annual incentive program</i></p> <p><i>Maintained the longer-term ROIC measure for our performance share program</i></p>
<p>Implemented compensation changes to focus on longer-term equity compensation</p>	<p><i>Weighted compensation changes for our NEOs towards long-term incentive awards</i></p> <p><i>Implemented more robust share ownership guidelines (8 times salary for the Chairman & CEO, 5 times salary for other NEOs)</i></p>

Changes to our Executive Compensation Programs for 2015

<p>Enhanced long-term performance focus of our programs</p>	<p><i>Changed our performance share plan measurement to a three-year measurement period to better align with the longer-term interests of the Company and shareholders</i></p>
--	--

Adjusted the weighting of the equity award vehicles for our Chairman & CEO to approximately 55% performance shares and 45% restricted stock units

Extended the clawback period applicable to our performance share grants to 2 years following the end of the performance period

Implemented changes that align with our Double- Double Program

Implemented a one-time cash bonus opportunity for 2015 for bonus eligible employees, excluding the CEO, designed to reward employees for generating outsized revenue yields in 2015

Added a second measure to our performance share plan; for 2015 awards, consistent with our Double-Double Program, we will measure both ROIC and EPS

Implemented Clawback Policy for Executive Short-Term Bonus Plan

Cash bonuses will be subject to clawback provisions

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In furtherance of our compensation program objectives, we maintain a high level of corporate governance standards within our executive compensation programs as follows:

What We Do	What We Don't Do
Hold our executives to meaningful stock ownership guidelines	No repricing of underwater stock options
In the event of a Change-in-Control, only provide severance benefits if there is an accompanying qualifying termination	No cash buyouts of underwater stock options
Offer limited perquisites or other executive-only benefits	No tax-gross up provisions on any change-in-control severance benefits
Design our programs so as not to encourage unnecessary and excessive risk taking	No tax-gross ups provided on perquisites or executive benefits
Prohibit our employees and directors from entering into any transaction to hedge the economic risk of owning the Company's stock	

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ROYAL CARIBBEAN CRUISES LTD.

1050 Caribbean Way

Miami, Florida 33132

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To our Shareholders:

Notice is hereby given that the Annual Meeting of Shareholders of Royal Caribbean Cruises Ltd. will be held at 9:00 A.M., Eastern Daylight Time, on Thursday, May 28, 2015 at the JW Marriott Marquis Miami, 255 Biscayne Boulevard Way, Miami, Florida, 33131, for the following purposes:

1. To elect eight directors to our Board of Directors, each for a one-year term expiring in 2016;
2. To hold an advisory vote to approve the compensation of our named executive officers;
3. To approve delisting of the Company's common stock from the Oslo Stock Exchange;
4. To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015;
5. To consider and act upon the shareholder proposal described in the attached Proxy Statement, if properly presented at the Annual Meeting; and
6. To transact such other business as may properly come before the meeting and any adjournment thereof.

The Board of Directors has fixed the close of business on March 30, 2015 as the record date for the determination of shareholders entitled to notice of and to vote at the meeting or any adjournment thereof.

As in prior years, we will furnish our proxy materials over the Internet as permitted by the rules of the U.S. Securities and Exchange Commission. As a result, we are sending a Notice of Internet Availability of Proxy Materials rather than a full paper set of the proxy materials, unless you previously requested to receive printed copies. The Notice of Internet Availability of Proxy Materials contains instructions on how to access our proxy materials on the Internet, as well as instructions on how shareholders may obtain a paper copy of the proxy materials. This process will substantially reduce the costs associated with printing and distributing our proxy materials.

To make it easier for you to vote, Internet voting is available. The instructions on the Notice of Internet Availability of Proxy Materials or your proxy card describe how to use these convenient services.

All shareholders are cordially invited to attend the meeting in person. Whether or not you expect to attend in person, you are urged to vote as soon as possible by Internet or mail so that your shares may be voted in accordance with your wishes. The giving of a proxy does

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not affect your right to revoke it later or vote your shares in person in the event you should attend the Annual Meeting.

April , 2015

Bradley H. Stein
General Counsel and Secretary

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ROYAL CARIBBEAN CRUISES LTD.

1050 Caribbean Way

Miami, Florida 33132

PROXY STATEMENT

FOR ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 28, 2015

This proxy statement is being furnished to you in connection with the solicitation of proxies by our Board of Directors (the Board) to be used at the Annual Meeting of Shareholders (the Annual Meeting) to be held at the JW Marriott Marquis Miami, 255 Biscayne Boulevard Way, Miami, Florida, 33131, on Thursday, May 28, 2015 at 9:00 a.m., Eastern Daylight Time, and any adjournments or postponements thereof. References in this proxy statement to we, us, our, the Company and Royal Caribbean refer to Royal Caribbean Cruises Ltd. The complete mailing address including zip code, of our principal executive offices is 1050 Caribbean Way, Miami, Florida 33132 and our telephone number is (305) 539-6000.

IMPORTANT INFORMATION REGARDING THE AVAILABILITY OF PROXY MATERIALS

Under the rules adopted by the Securities and Exchange Commission (SEC), we are furnishing proxy materials to our shareholders primarily over the Internet. We believe that this process expedites shareholders' receipt of these materials, lowers the costs of our Annual Meeting and helps to conserve natural resources. On or about April 1, 2015, we mailed to each of our shareholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials containing instructions on how to access and review the proxy materials, including this proxy statement and our Annual Report, on the Internet and how to access a proxy card to vote on the Internet. The Notice of Internet Availability of Proxy Materials also contains instructions on how to receive a paper copy of the proxy materials. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one. If you received paper copies of our proxy materials, you may also view these materials at www.proxyvote.com.

GENERAL INFORMATION

Who May Vote

Each share of our common stock outstanding as of the close of business on March 30, 2015 (the record date) is entitled to one vote at the Annual Meeting. At the close of business on March 30, 2015, 219,887,884 shares of our common stock were outstanding and entitled to vote. You may vote all of the shares owned by you as of the close of business on the record date. These shares include shares that are (1) held of record directly in your name (in which case, you are a Record Holder with respect to such shares) and (2) held for you as the beneficial owner through a broker, bank or other nominee (in which case, you are a Beneficial Holder with respect to such shares). There are some distinctions between being a Record Holder and a Beneficial Holder as described herein.

Shares held of record

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered the Record Holder with respect to those shares, and the Notice of Internet Availability was sent directly to you by Royal Caribbean. As the Record Holder, you have the right to grant your voting proxy directly to us or to vote in person at the Annual Meeting. If you requested to receive printed proxy materials, we have enclosed or sent a proxy card for you to use. You may also vote on the Internet as described in the Notice and below under the heading How to Vote.

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Shares owned beneficially

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the Beneficial Holder of shares held in street name, and the Notice of Internet Availability was forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the Beneficial Holder, you have the right to direct your broker or other nominee on how to vote the shares in your account, and you are also invited to attend the Annual Meeting.

Requirements to Attend the Annual Meeting

You are invited to attend the Annual Meeting if you are a Record Holder or Beneficial Holder as of March 30, 2015. If you are a Record Holder, you must bring proof of identification such as a valid driver's license for admission to the Annual Meeting. If you are a Beneficial Holder, you will need to provide proof of ownership by bringing either your proxy card provided to you by your broker or a copy of your brokerage statement showing your share ownership as of March 30, 2015.

How to Vote

Voting in Person

Shares held in your name as the Record Holder may be voted in person at the Annual Meeting. Shares for which you are the Beneficial Holder may be voted in person at the Annual Meeting only if you obtain a legal proxy from the broker, bank or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also vote by proxy as described below so that your vote will be counted if you later decide not to attend the meeting.

Voting Without Attending the Annual Meeting

Regardless of how you hold your shares, you may vote your shares without attending the Annual Meeting. You may vote by granting a proxy or, for shares held as a Beneficial Holder, by submitting voting instructions to your broker, bank or nominee. You may also vote using the Internet or by mail as outlined in the Notice of Internet Availability of Proxy Materials or on your proxy card. Please see the Notice of Internet Availability of Proxy Materials, your proxy card or the information your bank, broker or other holder of record provided to you for more information on these options. Votes cast by Internet have the same effect as votes cast by submitting a written proxy card.

How Proxies Work

All properly executed proxies will be voted in accordance with the instructions contained thereon and, if no choice is specified, the proxies will be voted:

FOR the election of the eight nominees for director named below (Proposal No. 1);

FOR the approval of the compensation of our named executive officers (Proposal No. 2);

FOR the approval of delisting the Company's common stock from the Oslo Stock Exchange (Proposal No. 3);

FOR the ratification of the selection of PricewaterhouseCoopers LLP (Proposal No. 4); and

AGAINST the shareholder proposal (Proposal No. 5).

Under New York Stock Exchange (NYSE) rules, if you are a Beneficial Holder and you do not instruct the nominee in a timely fashion how to vote your shares (so-called broker non-votes), the broker or nominee can vote your shares as it sees fit only on matters that are determined to be routine, and not on any other proposal. Proposal No. 4 regarding the ratification of the auditors is a routine proposal and, accordingly, your

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nominee may vote on such proposal even if it does not receive voting instructions from you. Your nominee cannot vote on Proposals No. 1, 2, 3 or 5 without your instructions.

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Matters to be Presented

We are not aware of any matters to be presented for a vote at the Annual Meeting other than those described in this proxy statement. If any matters not described in this proxy statement are properly presented at the meeting, the proxies will use their own judgment to determine how to vote your shares. If the meeting is postponed or adjourned, the proxies will vote your shares on the new meeting date in accordance with your previous instructions, unless you have revoked your proxy.

Vote Necessary to Approve Proposals

We will hold the Annual Meeting if holders of a majority of the shares of common stock entitled to vote are represented at the Annual Meeting in person or by proxy. If you vote via the Internet or sign and return your proxy card, your shares will be counted to determine whether we have a quorum even if you abstain or fail to vote on any of the proposals listed on the proxy card. If the persons present or represented by proxy at the Annual Meeting constitute the holders of less than a majority of the outstanding shares of common stock as of the record date, the Annual Meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum.

The affirmative vote of a majority of the votes cast by the holders of outstanding shares of common stock represented in person or by proxy at the Annual Meeting and entitled to vote with respect to the subject proposal is required to approve Proposals No. 1, 2, 4 and 5. The affirmative vote of at least two-thirds of the outstanding shares of common stock entitled to vote with respect to the subject proposal is required to approve Proposal No. 3.

Although abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present, they will not have any effect on the outcome of any proposal, except for Proposal No. 3 where both abstentions and broker non-votes will have the effect of a vote against the delisting of our common stock from the Oslo Stock Exchange.

Prior to the Annual Meeting, we will select one or more inspectors of election for the meeting. Such inspectors shall determine the number of shares of common stock represented at the Annual Meeting, the existence of a quorum and the validity and effect of proxies. They shall also receive, count and tabulate ballots and votes and determine the results thereof.

Revoking a Proxy

Any proxy may be revoked by a shareholder at any time prior to the final vote at the Annual Meeting by voting again on a later date via the Internet (only your latest Internet proxy submitted prior to the Annual Meeting will be counted), by signing and submitting a later-dated proxy or by attending the Annual Meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the Annual Meeting or specifically request that your prior proxy be revoked by delivering to our corporate secretary at 1050 Caribbean Way, Miami, Florida 33132 a written notice of revocation prior to the Annual Meeting.

CORPORATE GOVERNANCE

We are committed to maintaining strong governance practices as we evolve as a company and regularly assess our practices to determine effectiveness and whether additional enhancements should be made.

Corporate Governance Principles

We have adopted corporate governance principles which, along with our Board committee charters, provide the framework for the governance of the Company. The corporate governance principles address such matters as director qualifications, director independence, director compensation, Board committees and committee evaluations. We believe that the corporate governance principles comply with the corporate governance rules adopted by the NYSE. A copy of these principles is posted in the corporate governance section on our website at www.rclinvestor.com.

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Board of Directors and Committees

Meetings

The Board held six meetings during 2014. In 2014, each of our current directors attended at least 75% of an aggregate of all meetings of the Board and of any committees on which he or she served during the period the director was on the Board or committee.

In addition to regularly scheduled Board meetings, non-management directors regularly meet in executive sessions without management directors and/or any non-independent directors. The Lead Director presides at such meetings.

We do not have a formal policy regarding Board member attendance at the annual shareholders meeting. Two of our Board members attended our 2014 annual shareholders meeting.

Board Committees

The Board has established four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Safety, Environment and Health Committee. Each committee has adopted a written charter, meets periodically throughout the year, reports its actions and recommendations to the Board, receives reports from senior management, annually evaluates its performance and has the authority to retain outside advisors in its discretion. The primary responsibilities of each committee are summarized in the charts below and set forth in more detail in each committee’s written charter, which can be found in the corporate governance section on our website at www.rclinvestor.com. In addition to these committees, the Board may, from time to time, authorize additional Board committees to assist the Board in executing its responsibilities.

Audit Committee

Members:

- William L. Kimsey (Chair)*
- Bernt Reitan*
- Vagn O. Sørensen*

Responsibilities:

- Oversight of
 - i the integrity of our financial statements
 - i the qualifications and independence of our principal independent auditor
- i the performance of our internal audit function and principal independent auditor
- i our compliance with the legal and regulatory requirements in connection with the foregoing

Review of and discussions with management and the principal independent auditor regarding the annual audited and quarterly financial statements of the Company and related disclosures

Preparation of Report of the Audit Committee (page 64)

Meetings Held During 2014: 8

Independence and Financial Expertise:

The Board has determined that each member of the Audit Committee is independent within the meaning of the NYSE and SEC standards of independence for directors and audit committee members

The Board has concluded that Mr. Kimsey and Mr. Sørensen each qualify as an audit committee financial expert within the meaning of SEC rules

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Compensation Committee

Members:

Bernt Reitan (Chair)

*Bernard W. Aronson**

John F. Brock

Ann S. Moore

Vagn O. Sørensen

Responsibilities:

Overall responsibility for approving and evaluating the executive compensation plans, policies and programs of the Company

Annual determination of CEO compensation levels, taking into account corporate goals and CEO performance against these goals

Annual determination of senior executive compensation levels

Periodic review and recommendations for director compensation

Preparation of Report of the Compensation Committee (page 50)

Meetings Held During

2014: 6

Independence and Financial Expertise:

The Board has determined that each member of the Compensation Committee is independent within the meaning of the NYSE standards of independence for directors and compensation committee members

* Mr. Aronson will no longer continue to serve on the Compensation Committee following the expiration of his director term, which will occur on the date of the Annual Meeting.

Nominating and Corporate Governance Committee

Members:

Thomas J. Pritzker (Chair)

John F. Brock

William L. Kimsey

Eyal M. Ofer

Arne Alexander Wilhelmsen

Responsibilities:

Identification of individuals qualified to become Board members

Recommendation to the Board of director nominees

Recommendation to the Board of corporate governance principles

Recommendation to the Board of Board committee nominees

Recommendation to the Board of Board committee structure, operations and Board reporting

Oversee evaluation of Board and management performance

**Meetings Held During
2014: 3**

Independence and Financial Expertise:

The Board has determined that each member of the Nominating and Corporate Governance Committee is independent within the meaning of the NYSE standards of independence for directors

Safety, Environment and Health Committee

Members:

William K. Reilly (Chair)

Eyal M. Ofer

Vagn O. Sørensen

Responsibilities:

Oversight of our management concerning the implementation and monitoring of our safety (including security), environmental and health programs and policies

Monitor overall safety, environment and health compliance and performance

Review of safety, environment and health programs and policies on board our cruise ships

Meetings Held During 2014: 3

Table of Contents**Board Leadership Structure**

The Board believes that one of its key responsibilities is to evaluate and implement an optimal leadership structure to facilitate appropriate oversight by an engaged Board of Directors. The Board has considered these matters during the past year and has concluded that the current leadership structure is appropriate to the Company's current circumstances. Nonetheless, in keeping with our continuous improvement philosophy, the Board will review this again during the coming year to evaluate whether further improvements are advisable.

The current leadership structure of the Board consists of:

Name	Title
Richard Fain	Chairman & Chief Executive Officer
William Kimsey	Lead Director, Chairman of Audit Committee
Bernt Reitan	Chairman of Compensation Committee
Thomas Pritzker	Chairman of Nominating and Corporate Governance Committee
William Reilly	Chairman of Safety, Environment and Health Committee

Mr. Kimsey is our Lead Director. As Lead Director, Mr. Kimsey is responsible for presiding at and calling meetings of non-management directors, serving as a liaison between the Chairman and the non-management directors, advising the Chairman on and approving Board meeting agendas and schedules as well as information sent to the Board and, if requested by major shareholders, being available as appropriate for consultation and direct communication. The Lead Director serves at the pleasure of the non-management directors and may be replaced at any time by a majority of the non-management directors.

The Board also reviewed the management structure within the Company and particularly the combined role of Chairman & Chief Executive Officer. After consideration, the Board concluded that combining the roles is the most appropriate for our current circumstances. Mr. Fain has served as both Chairman & CEO for over 25 years. His experience and knowledge of our company and his position in our industry are unparalleled. He has effectively led the Company in both roles during the Company's evolution, including through a number of challenging industry and macroeconomic environments. Over the years, he has developed strong working relationships and trust with other members of the Board. Further, the Board believes that the significant leadership roles undertaken by Mr. Kimsey as well as the various non-management directors who chair the other Board committees strike an appropriate balance between effective Board leadership and independent oversight of management.

While currently appropriate, the Board notes that this conclusion is very specific to today's circumstances. As these specific circumstances change, the Board intends to review the leadership structure, including the issue of combining the Chairman and Chief Executive Officer roles, and to make any changes that are appropriate at that time.

Succession Planning

Our Board, with the assistance of our Compensation Committee, oversees Chief Executive Officer succession planning. In accordance with our corporate governance principles, our Board recently performed a review of management succession planning. In addition to reviewing the qualifications for the Chief Executive Officer job, the Board evaluated potential successors to the position and considered the appropriate process going forward. In addition, the Board reviewed management development programs within the Company to assist executives in enhancing their skills and experience so as to prepare them for greater responsibilities in the future. Lastly, the Board reviewed our emergency management succession plan.

Risk Oversight and Board Role

We have a formal enterprise risk management program. Pursuant to this program, management annually performs a Company-wide enterprise risk assessment under the supervision of the Audit & Advisory Services department. This assessment is updated at least once during the course of the year. The assessment identifies

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those risks inherent in our business plans and strategies with the greatest potential to impact the achievement of our business objectives. This assessment is used to provide us with a risk-based approach to managing our business. Management reviews and discusses the risk assessment report and updates thereto with the Audit Committee and the Board. In addition, committees of the Board consider and review with management at regularly scheduled committee meetings ongoing financial, strategic, operational, legal and compliance risks inherent in the business activities applicable to each committee's area of responsibility. The committee chairs inform the Board of the outcome of these reviews through reports to the Board at the regularly scheduled Board meetings.

Director Independence

Under the corporate governance rules of the NYSE and our corporate governance principles, a majority of our directors are required to be independent within the meaning of the NYSE standards of independence for directors. Our corporate governance principles contain guidelines established by the Board to assist it in determining director independence in accordance with these NYSE standards. The Board believes that directors who do not meet the NYSE's independence standards also make valuable contributions to the Board and to the Company by reason of their experience and wisdom, and the Board expects that some minority of its Board will not meet the NYSE's independence standards.

To be considered independent under the NYSE independence standards, the Board must determine that a director does not have any direct or indirect material relationship with the Company or any of its subsidiaries (collectively, the Royal Caribbean Group). The Board has established the following guidelines to assist it in determining director independence in accordance with those standards:

A director will not be independent if:

the director is, or has been within the preceding three years, an employee of the Royal Caribbean Group, or an immediate family member is, or has been within the preceding three years, an executive officer of the Royal Caribbean Group, other than in each instance as interim Chairman, interim CEO or other interim executive officer;

the director or an immediate family member has received during any twelve-month period within the preceding three years more than \$120,000 in direct compensation from the Royal Caribbean Group other than (A) director and committee fees, (B) pension and other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), (C) compensation for former services as an interim Chairman, interim CEO or other interim executive officer or (D) compensation to an immediate family member for service as a non-executive employee of the Royal Caribbean Group;

the director is a current partner or employee of Royal Caribbean's internal or external auditor (in either case, the Auditor) or has an immediate family member who is either (A) a current partner of the Auditor or (B) a current employee who personally works on Royal Caribbean's audit;

the director or an immediate family member was within the last three years a partner or employee of the Auditor and personally worked on Royal Caribbean's audit within that time;

the director or an immediate family member is, or has been within the preceding three years, employed as an executive officer of another company where any of Royal Caribbean's current executive officers at the same time serves or served on the compensation committee of that other company; or

the director is an employee of another company that does business with the Royal Caribbean Group, or the director has an immediate family member that is an executive officer of another company that does business with the Royal Caribbean Group and, in either case, the annual payments to, or payments from, the Royal Caribbean Group within any of the three most

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recently completed fiscal years exceed \$1,000,000 or two percent of the annual consolidated gross revenues of the other company (whichever is greater).

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The following commercial relationships will not be considered to be material relationships that would impair a director's independence:

if a director is an employee of another company that does business with the Royal Caribbean Group and the annual payments to, or payments from, the Royal Caribbean Group are less than \$1,000,000 or two percent of the annual consolidated revenues of the company he or she serves as an employee (whichever is greater);

if a director is an employee of another company which is indebted to the Royal Caribbean Group, or to which the Royal Caribbean Group is indebted, and the total amount of indebtedness to the other is less than two percent or \$1,000,000 (whichever is greater) of the total consolidated assets of the company he or she serves as an employee; and

if an immediate family member of a director is an executive officer of another company that does business with the Royal Caribbean Group, and the annual payments to, or payments from, the Royal Caribbean Group, are less than two percent or \$1,000,000 (whichever is greater) of the annual consolidated revenues of the company the immediate family member serves as an executive officer.

Each director must regularly disclose to the Board whether his or her relationships satisfy these independence tests. Based on these disclosures and other information available to it, the Board has determined that each of the directors and our director nominee is independent with the exception of Messrs. Fain and Reilly. Mr. Fain is not considered independent as a result of his position as Chairman & CEO of the Company. Mr. Reilly is not considered independent due to his prior consulting arrangement with the Company. Although this arrangement terminated as of December 31, 2013, under the NYSE independence standards and our guidelines, Mr. Reilly will not be considered independent until December 31, 2016. In determining that Messrs. Ofer, Pritzker and Wilhelmsen are independent, the Board considered the transactions described below in [Certain Relationships and Related Person Transactions](#) [Related Person Transactions](#) .

Selection of Director Candidates

In identifying and evaluating candidates for nomination to the Board, the Nominating and Corporate Governance Committee considers the personal and professional ethics, integrity and values of the candidate, his or her willingness and ability to evaluate, challenge and stimulate, and his or her ability to represent the long-term interests of the shareholders. The Nominating and Corporate Governance Committee also considers the candidate's experience in business and other areas that may be relevant to the activities of the Company, his or her leadership ability, the applicable independence requirements, the current composition of the Board and the appropriate balance between the value of continuity of service by existing members of the Board with that of obtaining a new perspective.

The Board recognizes the value and importance of diversity and has designed our director nomination process to consider diversity when evaluating prospective nominees. As diversity can encompass many attributes, the Board recently amended our corporate governance principles to emphasize that our definition of diversity includes matters of race, gender and ethnicity. The Nominating and Corporate Governance Committee is committed to seeking out qualified and diverse director candidates, including women and individuals from minority groups, to include in the pool from which nominees are chosen.

The Nominating and Corporate Governance Committee has engaged in the past and is likely to engage in the future third parties to identify or assist in identifying potential director nominees. The Nominating and Corporate Governance Committee seeks to identify director candidates from a variety of sources, including search firms, personal connections, shareholder recommendations and recommendations by others. The Nominating and Corporate Governance Committee will consider director candidates recommended by shareholders that are submitted as described in our corporate governance principles. During the last year, we employed an outside firm to assist us with our search process for new directors. In working with this firm, the Nominating and Corporate Governance Committee explicitly requested that they look for diverse candidates.

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Family Relationships

There are no family relationships among our officers and directors or director nominees.

Code of Ethics

The Board has adopted a Code of Business Conduct and Ethics that applies to all our employees, including our executive officers, and our directors. A copy of the Code of Business Conduct and Ethics is posted in the corporate governance section of our website at www.rclinvestor.com and is available in print, without charge, to shareholders upon written request to our Corporate Secretary at Royal Caribbean Cruises Ltd., 1050 Caribbean Way, Miami, Florida 33132. Any amendments to the code or any waivers from any provisions of the code granted to executive officers or directors will be promptly disclosed to investors by posting on our website at www.rclinvestor.com.

Compensation Committee Interlocks and Insider Participation

During 2014, none of the members of the Compensation Committee (a) was an officer or employee of the Company or any of its subsidiaries, (b) was a former officer of the Company or any of its subsidiaries or (c) engaged in any related person transactions with the Company requiring disclosure under SEC rules. During 2014, no executive officer of the Company served as a member of the board of directors or on the compensation committee of any other company, one of whose executive officers or directors serve or served as a member of the Board or Compensation Committee of the Company.

Amendments to our Articles of Incorporation

Any amendment to our Articles of Incorporation generally requires the authorization by affirmative vote of the holders of not less than two-thirds of all outstanding shares entitled to vote. This requirement does not apply to (1) an amendment to change our registered agent or registered address; (2) an amendment to change the authorized number of shares of stock; or (3) an amendment for establishing and designating the shares of any class or of any series of any class. In the first two cases, our Articles of Incorporation can be amended by the affirmative vote of the holders of a majority of all of our outstanding shares entitled to vote. In the third case, our Board has the power to establish and designate new classes of preferred stock.

Contacting Members of the Board

Interested parties who wish to communicate with non-management members of the Board can address their communications to the attention of our Corporate Secretary at our principal address or via email to corporatesecretary@rcl.com. The Corporate Secretary maintains a record of all such communications and promptly forwards to the Lead Director those communications that the Corporate Secretary believes require immediate attention. The Corporate Secretary periodically provides a summary of all such communications to the Lead Director and he, in turn, notifies the Board or the chairs of the relevant committees of the Board of those matters that he believes are appropriate for further action or discussion.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Principal Shareholders**

This table sets forth information as of March 20, 2015 about persons we know to beneficially own⁽¹⁾ more than five percent of our common stock.

Name of Beneficial Owner	Common Stock (#)	Percentage of Ownership⁽²⁾
AWILHELMSSEN AS	33,534,512 ⁽³⁾	15.3%
Baillie Gifford & Co.	14,422,083 ⁽⁴⁾	6.6%
The Vanguard Group	11,678,325 ⁽⁵⁾	5.3%
Osiris Holdings Inc.	11,277,680 ⁽⁶⁾	5.1%

(1) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from March 20, 2015 upon exercise of options, warrants and convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not those held by any other person) and that are exercisable within 60 days from March 20, 2015 have been exercised.

(2) Applicable percentage ownership is based on 219,887,422 shares of common stock outstanding as of March 20, 2015.

(3) AWILHELMSSEN AS is a Norwegian corporation, the indirect beneficial owners of which are members of the Wilhelmsen family of Norway. The shares reported in the table include 6,711,705 shares owned by AWECO Invest AS, an affiliate of AWILHELMSSEN AS. AWILHELMSSEN AS has the power to vote and dispose of the shares owned by AWECO Invest AS pursuant to an agreement between AWILHELMSSEN AS and AWECO Invest AS. The address of AWILHELMSSEN AS is Beddingen 8, Aker Brygge, Vika N-0118 Oslo, Norway.

(4) Represents 14,422,083 shares beneficially owned by Baillie Gifford & Co., Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, UK. The foregoing information is based solely on a Schedule 13G/A filed by Baillie Gifford & Co. with the SEC on February 2, 2015.

(5) Represents 11,678,325 shares beneficially owned by The Vanguard Group, 100 Vanguard Blvd., Malvern, PA 19355. The foregoing information is based solely on a Schedule 13G filed by The Vanguard Group with the SEC on February 10, 2015.

(6) Osiris Holdings Inc. (Osiris) is a Liberian corporation, the indirect beneficial owner of which is a trust primarily for the benefit of certain members of the Ofer family. The shares reported in the table include 9,656,380 shares owned by Osiris and 1,621,300 shares owned by a subsidiary of Osiris. The address of Osiris is c/o Bex Property Management S.A.M., 3 Ruelle Saint Jean, MC 98000 Monaco.

Table of Contents**Security Ownership of Directors and Executive Officers**

This table sets forth information as of March 20, 2015 about the amount of common stock beneficially owned⁽¹⁾ by (i) our directors and director nominee; (ii) the named executive officers listed in the Compensation Discussion and Analysis below and (iii) our directors and executive officers as a group.

The number of shares beneficially owned by each named person or entity is determined under rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose.

No shares of common stock held by our directors or named executive officers have been pledged.

Name of Beneficial Owner	Common Stock (#) ⁽²⁾	Percentage of Ownership ⁽³⁾
Bernard W. Aronson	32,430	*
Michael W. Bayley	24,740	*
John F. Brock	6,981	*
Richard D. Fain	1,688,314 ⁽⁴⁾	*
Adam M. Goldstein	256,155	*
William L. Kimsey	13,037	*
Harri U. Kulovaara	26,088	*
Jason T. Liberty	581	*
Ann S. Moore	8,784	*
Eyal M. Ofer	157,706 ⁽⁵⁾	*
Thomas J. Pritzker	808,516	*
William K. Reilly	21,241	*
Bernt Reitan	16,400	*
Vagn O. Sørensen	14,403	*
Donald Thompson	⁽⁶⁾	
Arne Alexander Wilhelmsen	33,536,982 ⁽⁷⁾	15.3%
All directors and executive officers as a group (20 persons)	36,902,269	16.8%

* Denotes ownership of less than 1% of the outstanding shares of common stock

- (1) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from March 20, 2015 upon exercise of options, warrants and convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not those held by any other person) and that are exercisable within 60 days from March 20, 2015 have been exercised.
- (2) The holdings reported in this column for each person include shares of common stock issuable upon the exercise of stock options that are exercisable within 60 days from March 20, 2015 and the vesting of restricted stock units and performance shares that are scheduled to vest within 60 days from March 20, 2015 as follows:

Mr. Aronson	10,966	Mr. Kulovaara	12,580	Mr. Reilly	9,845
Mr. Bayley	13,463	Mr. Liberty	581	Mr. Reitan	646
Mr. Fain	234,628	Mr. Ofer	19,544	Director/Officer	381,031
Mr. Goldstein	4,184	Mr. Pritzker	19,544	group	