

Celebrity Cruises® **X** a true departure®

THE MARKET

From 2001 through 2003, the future didn't look promising for the cruise industry. Sales were down and the reluctance to travel was up because of 9/11, terror threats, the sluggish economy, the SARS epidemic, and the Iraq War.

Ironically, the very reasons that made consumers less likely to hit the seas made them need the stress relief of a cruise even more.

But travel aficionados eventually returned to cruising in force. In fact, Cruise Lines International Association estimates that, in 2005, more than 11 million people will take a cruise. This unprecedented number could be attributed to baby boomers looking for new ways to get more out of their vacations and their lives, but it probably has more to do with the growing trend of cruise vacations competing directly against land-based vacations.

But nowhere is competition as fierce as within the cruise industry itself. The landscape is cluttered with cruise lines, ranging from value-priced mainstream products to luxury brands, and everything in between.

Celebrity Cruises has carved out its own distinctive niche, offering more tastes of luxury in more creative ways than any of its competitors.



ACHIEVEMENTS

Setting Celebrity Cruises apart from the competition is its host of accolades. For the third consecutive year, the discriminating readers of *Condé Nast Traveler* named seven Celebrity ships among "The Best in the World" based on five categories, including itineraries, crew/service, staterooms/design, food/dining, and activities/excursions.

Travel + Leisure also weighed in, rating Celebrity Cruises number five out of the top-10 large-ship cruise lines in 2004. And in 2002, *Porthole Cruise Magazine* ranked Celebrity's Olympic restaurant on board MillenniumSM first out of the top-10 "Most Scrumptious Restaurants at Sea."

HISTORY

John Chandris of the Greek Chandris shipping family founded Celebrity Cruises in 1989 as a new, upscale cruise line focused on fine dining and excellent service — a premium experience at a premium price.

Sensing its potential, Royal Caribbean Cruises Ltd., the parent company of the Royal Caribbean International[®] brand, acquired Celebrity Cruises in 1997. Richard Fain, the chairman and CEO of RCCL, has since helped the company's revenues grow from \$400 million to over \$4.5 billion.

Today, Celebrity Cruises proudly continues to offer unrivaled amenities, outstanding accommodations, and impeccable service aboard each of its ships.

THE PRODUCT

The Celebrity fleet today boasts nine ships, including the original Zenith[®] and the sleek, larger Century-class ships: CenturySM, GalaxySM, and Mercury[®]. The innovative Millennium class was introduced during 2000–2002, and features MillenniumSM, Infinity[®], Summit[®], and Constellation[®]. The latest addition, Celebrity XpeditionSM, was launched in 2004; its smaller size and fewer select amenities evokes the feeling of a more intimate and casual sailing experience.

Designed to be, literally, floating resorts, each Celebrity ship offers its own variety of amenities, including the award-winning cuisine of Master Chef Michel Roux; Cova[®] Café Milano, the seagoing version of the stylish coffeehouse in the fashion district of Milan, Italy; Michael's Club jazz/piano bars; Martini and Champagne Bars;

specialty restaurants; full-service spas; and museum-quality contemporary art collections featuring works by such masters as Pablo Picasso, Jasper Johns, Andy Warhol, Roy Lichtenstein, and Peter Max.

The Celebrity fleet sails to over 125 destinations, including popular spots in the Caribbean, Alaska, the Bahamas, Bermuda, Europe, Hawaii, Mexico, the California coast, the Pacific Northwest, and Canada/New England. Other sailings offer even more exotic fare in South America, the Transatlantic, the Panama Canal, and the Galapagos Islands.

But perhaps more important than ship amenities or destinations is the indescribable Celebrity experience itself. With Celebrity's renowned personal service and special attention to detail, each guest is "treated famously" — made to feel, consistent with the brand name, like a "celebrity."

In fact, the essence of a Celebrity cruise might best be summed up in its tagline: "a true departure[®]". A Celebrity cruise offers guests the ability to relax, rejuvenate, and make lasting connections on one amazing vacation. It's a promise to treat each guest to a once-in-a-lifetime experience: a true journey out of the ordinary.



RECENT DEVELOPMENTS

Celebrity Cruises is considered a “challenger” brand: not the largest, not the smallest, but one that faces competition from both. So, to distinguish itself and stay relevant, the cruise line continually introduces innovations and redefines the meaning of “a true departure.”

To that end, Celebrity Cruises introduced its ConciergeClass® staterooms in 2003. This enhanced level of service treats guests to amenities such as priority embarkation and debarkation, and creature comforts in staterooms, including welcome champagne and fresh fruits and flowers, massaging showerheads, fluffy robes, and even a menu of pillow options.

Consistent with the idea of extra pampering, Celebrity introduced Acupuncture at SeaSM and the Celebrity Discoveries Enrichment SeriesTM that same year. Celebrity is the first and only cruise line to offer an acupuncture program, with licensed acupuncturists who help guests dissolve accumulated stress and restore balance and energy.

Meanwhile, the Celebrity Discoveries Enrichment Series appeals to guests’ unique interests and tastes. Renowned speakers such as Walter Cronkite, Dick Morris, and Dr. Ruth Westheimer have shared their life stories, and experts on board cover topics ranging from world finance and wines to astronomy and politics. The program also expands guests’ palates as much as their minds, with expert sommeliers sharing their knowledge as guests sniff, swirl, and taste the finest wines from Celebrity’s collection.

In 2004, Celebrity launched three ambitious new programs, including Savor the CaribbeanSM, a one-of-a-kind culinary experience at sea. Developed in conjunction with *Bon Appétit* magazine, these seven-night sailings include cooking demonstrations by acclaimed chefs, lectures by noted culinary experts, and behind-the-scenes visits to the best restaurants throughout the Caribbean.

Next, the cruise line created exotic travel experiences called Celebrity XpeditionsSM, inviting guests to be pampered in some of the most unexpected places on earth. Celebrity Xpeditions



include cruise vacations in the enchanting Galapagos Islands and land-based adventures at Easter Island; the Matterhorn in Zermatt, Switzerland; Houston Space Center; the Great Pyramids of Egypt; and diving certification with *National Geographic* in the Virgin Islands.

Later in 2004, The Bar at the Edge of the EarthSM was unveiled aboard Constellation® and Summit®. Created exclusively for Celebrity Cruises by *Cirque du Soleil*®, the lounge is a destination in itself, with surreal music, otherworldly characters, and a dreamlike environment designed to inspire and engage guests.

PROMOTION

Less than 10 years ago, Celebrity Cruises was a little-known brand. Since then, the cruise line has worked closely with its advertising and marketing agencies to build awareness. Celebrity Cruises relies heavily on a combination of TV, newspaper, and Web-based advertising, as well as direct mail, public relations, and collateral.

Historically, cruise lines have done a poor job of differentiating themselves. Most brands feature clichéd images of sandy beaches, palm trees, and smiling couples. With the consumer perception of sameness, cruise lines were forced to compete on price.

To break away from the competitive clutter, Celebrity’s advertising communicates the

“Celebrity difference”: the way each guest is “treated famously” on board. Celebrity’s advertising campaign in 2002, “Faces,” did just that by showing that the Celebrity staff is always one step ahead, ensuring that each guest’s vacation will be perfect. In television and print, guests were shown wearing T-shirts labeling *them* as the true celebrities, which intentionally connected the brand’s name with the promised consumer benefit: celebrity treatment.

“Faces” evolved into the “Treated Famously” campaign, which focused on the difficulty cruisers have assimilating into normal life after cruising with Celebrity. The campaign invited

the viewer to appreciate the staff’s attentiveness, remarkable knowledge of guests’ needs, and how that personal attention would be missed.

BRAND VALUES

Celebrity Cruises is in the business of providing memorable vacations, but its vision is to do much more than that. Everyone at Celebrity Cruises is committed to fulfilling dreams with remarkable vacations, building memorable relationships with customers and employees, and providing superior returns for shareholders. Caring is the core value, deeply rooted in everything that Celebrity Cruises does. The cruise line has adopted the following as its guiding principles: to compete without compromise, to believe that cost constraints don’t mean thought constraints, and to focus on being Celebrity in everything they do.

THINGS YOU DIDN’T KNOW ABOUT CELEBRITY CRUISES

- The inspiration for Celebrity Cruises’ “X” logo comes from the Greek alphabet. “X” is the symbol for the Greek letter “Chi,” which is used in the Greek spelling of Chandris, the name of the family that founded the cruise line.
- Along with its sister line, Royal Caribbean International®, Celebrity Cruises has donated more than \$6 million to environmental organizations that help protect coral reefs and endangered aquatic life around the world.
- In 2002, Celebrity Cruises was the only cruise line to receive the prestigious William M. Benkert Award for Environmental Excellence given by the U.S. Coast Guard.
- Celebrity’s shipboard crew members come from 50 nations around the globe.
- The first two varietals from The Celebrity Cruises Cellarmaster SelectionTM, the 2001 Sonoma County Cabernet Sauvignon and the 2002 Russian River Valley Chardonnay, won Gold and Silver, respectively, at the recent American Wine Society Commercial Wine Competition.

