

## Rebate Policy Questions & Answers for Our Travel Agent Partners (FAQ's update 6 – 04/2010)

Royal Caribbean Cruises Ltd., d/b/a Royal Caribbean International<sup>®</sup> (“RCI”), Celebrity Cruises, Inc. (“CCI”), and Celebrity Cruises Inc., d/b/a Azamara Club Cruises<sup>SM</sup> (Azamara), which shall collectively be known as the Cruise Lines (the “Cruise Lines”)

### **SELLING PRICES FOR THE CRUISE**

**Q: We comply in every respect with the Rebating Policy in our advertisements. However, to close the sale we want to offer, orally, a rate below LAPACF (lowest applicable publicly available cruise fare). Can we do so?**

A: No. That would violate the Rebating Policy. The same restrictions that apply to your advertisement of cruise rates apply to any sales you make. If a cruise cannot be advertised at a price below \$500.00, it cannot be sold below that price. This restriction applies regardless of the manner in which the sale occurs (e.g. face to face, telephone calls or Internet sales.)

### **ENFORCEMENT OF THE POLICY**

**Q: How is this policy being enforced?**

A: The Cruise Lines have developed and implemented a variety of procedures designed to make conformance with the policy easy and quick. We expect to continually refine our procedures as needed. We cannot respond to individual queries regarding whether enforcement action is being considered or regarding what enforcement action has been taken against a specific agency. These matters are handled as an internal decision made solely by the Cruise Lines without consultation or discussion with other travel agents

**Q: If the policy is violated, what actions will be taken?**

A: Currently violators of the Rebating Policy are subject to a variety of consequences, including, but not limited to, the elimination of co-op support and/or the lowering of base commission and/or variable volume commissions. Ultimately a failure to comply with the policy may result in an account being placed on no-book status or termination of the relationship with the account. The specific enforcement actions taken and the timing thereof are matters that the Cruise Lines will unilaterally determine without consultation or discussion with other travel agencies.

**Q: Is it legal for the Cruise Lines to have any say in my advertising or pricing practices?**

A: We are confident that from an antitrust perspective, travel suppliers can direct the pricing practices of agencies selling their services and products.

### **WHAT CONSTITUTES A PROHIBITED REBATE?**

**Q: Can an agency advertise cash back offers?**

A: No. From our perspective, any such cash back offer is funded out of the agency's commission. This is in violation of the policy.

**Q: In direct consumer/agent conversations (via phone or e-mail), can an agent offer a rebate or discount to close the sale?**

A: This is not an acceptable practice and will be policed by cold-calls and constant website monitoring.

**Q: Is it OK to advertise in the paper “Call us for Group pricing”?**

A: This is acceptable because the language suggests the more space you buy the better the rate that will be available.

**Q: Can rates below LAPACF and/or value-add dollar amounts be advertised to a private membership base, club membership or private opt-in e-mail database?**

A: No. This is considered advertising rebated rates. Even in a “closed” environment, this is against policy.

**Q: Can bidding or auction sites advertise the Cruise Lines?**

A: All brands have some policies that prevent or limit the offering of their respective cruises through bidding or auction sites or events. To the extent that bidding or auctions are permitted, the Rebating Policy would apply.

**Q: Can an agency who has a password protected website offer discounted rates to its clients?**

A: The discounted rates cannot be less than the LAPACF. The Rebating Policy prohibits any form of rebating even in a “closed” environment.

**Q: If an agency is affiliated with a National Account, can that agency advertise approved Cruise Lines promotions specific to that National Account?**

A: Yes. Any promotions agreed upon by the Cruise Lines and the National Account partners are approved promotions and may be advertised in all mediums with the exception of television, radio and newspaper.

**Q: Are credit card reward programs in violation of the Rebate Policy?**

A: Generally no. If the credit card company, as opposed to the travel agency, is offering and paying for rewards (including cash refunds), the Rebating Policy does not prohibit those offers. However, if the credit card company is advertising or promoting the offer but the cash rebate is funded by the travel agency, then the travel agency would be in violation of the Rebating Policy.

**Q: Can an agency make final payment to the Cruise Lines for an amount that is less than the LAPACF?**

A: No. The sum total of the payments made on the booking must at least equal the LAPACF for that booking. We have measures in place to ensure that the final payment on FIT bookings is at least equal to the LAPACF in our call centers and will continue to upgrade those measures and roll out similar preventive measures in other channels. Weekly back-end reporting will report any account paying less than the gross amount due via CruisePay or other online channels.

**Q: Is it OK to advertise in the paper “We discount ALL Cruise Lines”?**

A: Yes. We are only requiring that travel agencies not advertise below the applicable LAPACF.

**Q: Will the Cruise Lines continue to offer coupons via their particular loyalty programs?**

A: Yes. The Rebating Policy has no impact on loyalty programs.

**Q: What is a value-add?**

A: A value add is a booking incentive provided by our Travel Partners.

**Q: What are the rules regarding offering value-adds to guest bookings?**

A: There are basic rules regarding value-adds:  
a - the value-add cannot be cash or a cash equivalent item such as a gift card or gift check.  
b - the value or perceived value of the item(s) cannot exceed

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- 10% of the value of the cruise (cruise fare & NCCF).
- c - the dollar amount or percentage cannot be advertised with the exception of onboard credits.
  - d - onboard credits have the following maximum thresholds per stateroom:

Brand	Cruise length		
	3-5 night	6-9 night	10+ nights
Royal Caribbean International	50	150	200
Celebrity Cruises	50	200	250
Azamara Club Cruises	N/A	250	350

**Q: What is an acceptable value-add?**

A: Items sold via Gifts & Gear, our call centers or available as GAP can be offered as a value-add within the 10% and advertisement rule.

**Q: Can I offer prepaid gratuities as a value-add to my clients?**

A: Yes. Items sold via Gifts & Gear, our call centers or available as GAP can be offered as a value add within the 10% and advertisement rule.

**Q: Can I offer free vacation protection coverage as a value-add to my clients?**

A: Yes. Items sold via Gifts & Gear, our call centers or available as GAP can be offered as a value add within the 10% and advertisement rule.

**Q: Can I offer a free Shore Excursion offered by the Cruise Lines to my clients as a value-add?**

A: Yes. Third party shore excursions that are not offered by the Cruise Lines are permitted. Shore excursions offered by the Cruise Lines are permitted if the same are sold via Gifts & Gear, our call centers or available as GAP and if the value add complies with the 10% and advertisement rule.

**Q: Are onboard credits considered a value-add that is allowed?**

A: Yes. Items sold via Gifts & Gear, our call centers or available as GAP can be offered as a value-add within the 10% and advertisement rule. In addition, onboard credits have the following maximum thresholds per stateroom (see above grid).

**Q: Can an agency advertise “free” incentives or “value-adds” (e.g. hotel nights, limo rides, free camera or piece of merchandise, etc...)?**

A: Incentive programs that can be converted to cash or currency are not permitted. Travel Partners can still offer their own value-adds within the 10% and advertisement rule.

**Q: Can I offer a gift card or gift certificate to a retail store as a value-add to my clients (even if it cannot be turned in for cash and must be used for merchandise)?**

A: This is not allowed. The gift card or gift certificate will have a specific dollar value attached to it and therefore violates policy.

**Q: Can I offer category upgrades to my clients as a value-add?**

A: No. There is no practical difference between offering a balcony stateroom at the LAPACF rate for an inside stateroom on the same cruise and offering a cash discount on the balcony stateroom. Both entail rebating.

**Q: Can an agency require the full cruise fare to be paid by the client but offer free tax as a value-add?**

A: No. There is no practical difference between offering a portion of the cruise fare for “free” and offering the cruise related taxes for “free”.

**Q: With the understanding that group rates can be advertised and sold (with the exception of newspaper, TV and radio), can we still move group bookings into FIT if we don't fill the staterooms required to make a group?**

A: The policies that exist today for moving bookings from Groups into FIT will remain in place. In most cases, bookings may be moved into FIT if the necessary staterooms required to make a group are not filled, but only guest on-board amenities will be protected (bonus commission, dollars off, etc... will not be protected).

**EXACTLY WHICH FARE IN YOUR SYSTEM PROVIDES THE FLOOR BELOW WHICH WE CANNOT ADVERTISE?**

**Q: There are a variety of price codes on the same sailing in your reservation system. Which is the price below which we cannot advertise or sell?**

A: Simply put, you cannot advertise or sell prices below the lowest applicable publicly available cruise fare that is available to you (“LAPACF”). For example, if the lowest generally available fare in our system for a specific category and sailing date is \$550 but a senior rate of \$500 is also offered for that category and sailing date and you qualify for that senior rate, the LAPACF for you for that berth is \$500

**Q: Are agencies permitted to advertise Resident Rates & Senior Rates?**

A: Any agency that qualifies for a special rate, e.g. Sr. Rate & Resident rate, can advertise prices as low as that special rate but only for the specific sailings that qualify for those rates. When restricted rates are advertised in any media, the restrictions must be clearly stated.

**Q: If an agency has a group with GAP assigned (i.e., bonus commission), can the group rate be advertised along with the amenities that the GAP would entitle the agency to receive?**

A: The advertised price for the cruise itself cannot be below LAPACF. However, if the agency has elected to use its GAP points for a specific GAP amenity, the agency can advertise that the guest or stateroom (as the case may be) will receive the specific GAP amenity (e.g. \$100 on-board credit). The one exception to this rule is if the GAP amenity is in the form of cash or commissions to the agency. In that case, the value of the GAP cannot be advertised to the guests.

**Q: Can final payment on groups be less than the gross rate due (net commission)?**

A: Yes. As is the case today, payments on groups can be less than the gross rate due. Our procedures to accommodate this practice have not changed. Due to the utilization of GAP and TCs, the final payment may be submitted net of commission.

**DOES THIS POLICY APPLY TO MY TRANSACTION?**

**Q: How can I tell whether this policy applies to my sales?**

A: The Rebating Policy does not apply to resale transactions. It does apply to any travel agency sales in North America except where prohibited by applicable law.