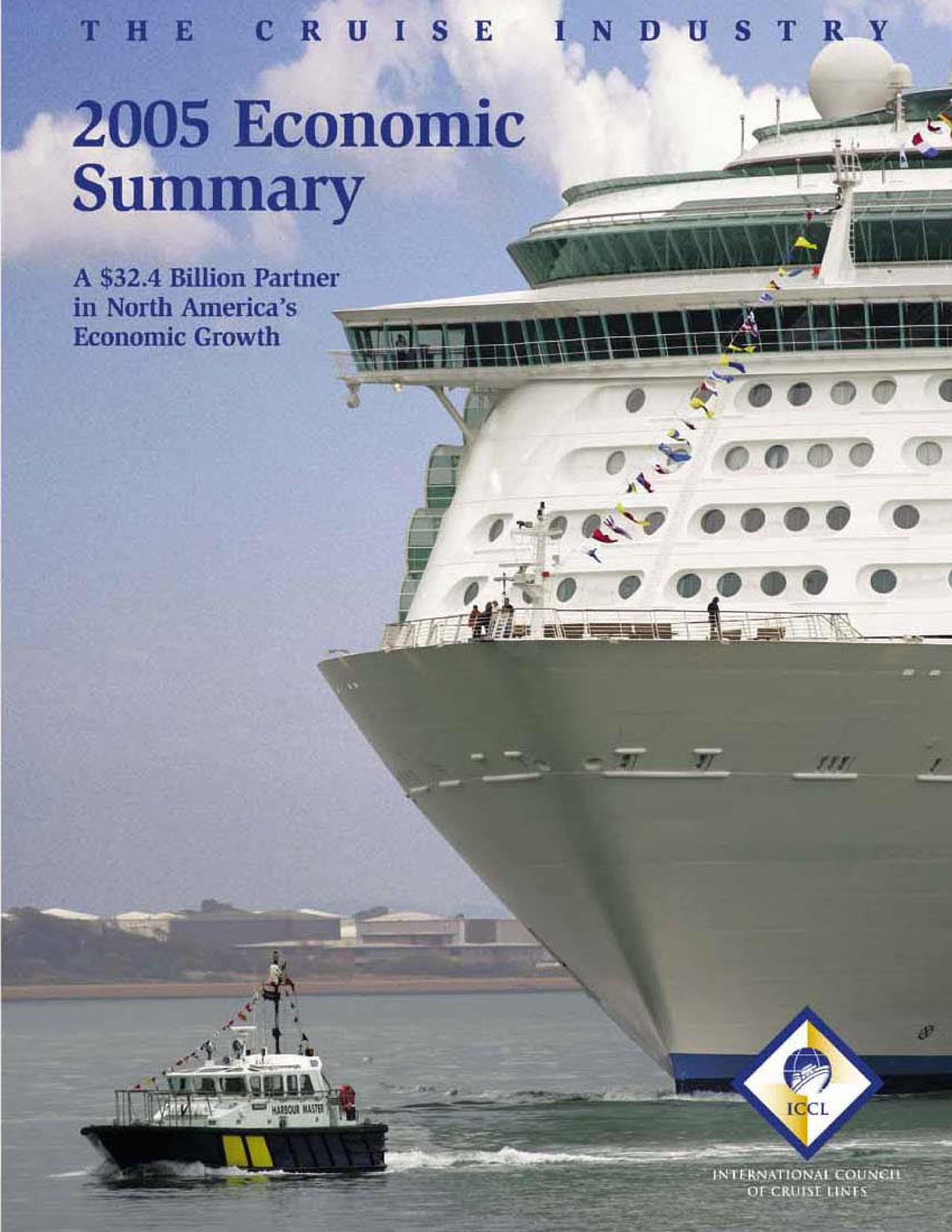
THE CRUISE INDUSTRY

2005 Economic Summary

A $32.4 Billion Partner in North America's Economic Growth



ICCL

INTERNATIONAL COUNCIL OF CRUISE LINES

2005 CRUISE INDUSTRY GENERAL ECONOMIC OVERVIEW

In 2005, the cruise industry continued to experience growth and contribute to the U.S. economy by generating $32.4 billion in total expenditures, an increase of 7.9 percent over the previous year. Direct purchases increased by 10 percent totaling $16.2 billion. This spending created over 330,000 jobs which paid $13.5 billion in wages to American workers.

The year wasn't without challenges, however, including Mother Nature and a more moderate rate of expansion. The 2005 hurricane season was the busiest on record resulting in altered cruise itineraries, port closures along the Gulf and Florida coasts and ships that were either redeployed to other ports or taken out of service to house emergency workers and displaced families after Hurricane Katrina.

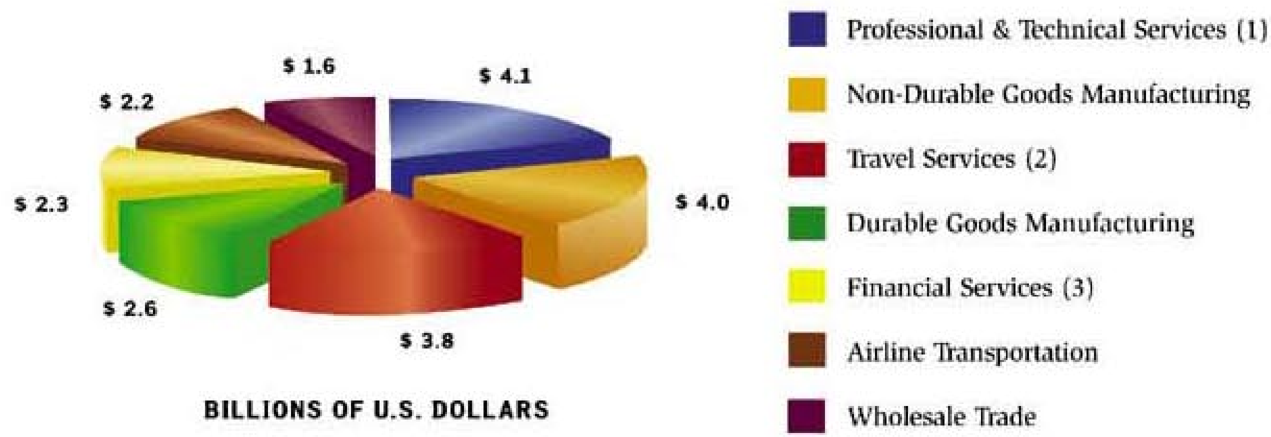
Despite the challenges, cruise ship occupancy rates remained above 100 percent and the popularity of cruising continued to be on the rise. In 2005, 11.5 million people worldwide took cruise vacations, a 6 percent increase over the previous year. Passenger carryings at U.S. ports also remained strong with 8.6 million embarkations with the continually growing trend of deployment of vessels from smaller and mid-sized markets than in years past.

THE NORTH AMERICAN CRUISE INDUSTRY GENERATES $32.4 BILLION TO THE U.S. ECONOMY IN 2005

Total economic benefit of the cruise industry in the United States	$32.4 billion
Direct spending of the cruise lines and passengers on U.S. goods and services	$16.2 billion
Total jobs generated by these expenditures	330,346
Total wages generated for U.S. employees	$13.5 billion

CRUISE INDUSTRY SPENDING BENEFITS U.S. INDUSTRIES

The economic impact affects nearly every industry in the United States. Approximately two-thirds of the $32.4 billion in total gross output generated by the direct and indirect impacts of the cruise industry benefited seven industry groups as follows:



(1) Includes legal services, advertising, management consulting, engineering and architectural services and computer consulting services
(2) Includes travel agents, ground transportation services and U.S.-based excursions
(3) Includes banking, investment and insurance services

PASSENGER GROWTH AND VESSEL CAPACITY

In 2005, the cruise industry experienced a year of growth, albeit a more moderate rate of expansion. During the year, there was no change in the number of ships as the amount of newbuilds equaled the number withdrawn from the market. Thus, the size of the cruise fleet remained unchanged at 192 vessels with a combined capacity of 245,755 lower berths. Occupancy rates increased to 106 percent in 2005, which is attributed, in part, to larger ships being introduced and passenger rescheduling after a number of cruises were cancelled due to the active hurricane season.

The demand for cruising continued and the industry increased its passenger carryings by 6 percent over 2004 to 11.5 million passengers worldwide in 2005. U.S. residents constituted 9.1 million, or 79 percent, of global passengers.

U.S. ECONOMIC IMPACT OF THE NORTH AMERICAN CRUISE INDUSTRY

	BILLIONS OF U.S. DOLLARS			ANNUAL PERCENT CHANGE		
	2005	2004	2003	2005	2004	2003
Direct Economic Impacts						
Passenger and Cruise Line Spending*	$16.18	$14.70	$12.92	10.0%	13.8%	8.1%
Employment	142,720	135,197	117,353	5.6%	15.2%	7.1%
Wages and Salaries	$5.19	$4.80	$4.29	8.1%	11.9%	9.6%
Total Economic Impacts						
Total Output	$32.43	$30.06	$25.44	7.9%	18.2%	24.7%
Employment	330,346	315,830	295,077	4.6%	7.0%	5.7%
Wages and Salaries	$13.52	$12.42	$11.62	8.8%	6.9%	9.0%

* *Includes wages and salaries paid to U.S. employees of the cruise lines*

OPERATING STATISTICS OF THE NORTH AMERICAN CRUISE INDUSTRY

				ANNUAL PERCENT CHANGE		
	2005	2004	2003	2005	2004	2003
Capacity Measures						
Number of Ships	192	192	184	0.0%	4.3%	4.5%
Lower Berths	245,755	240,401	215,405	2.2%	11.6%	9.5%
Carryings (Millions)						
Global Passengers	11.50	10.85	9.83	6.0%	10.3%	6.6%
Passengers Residing in U.S.	9.06	8.31	7.48	9.0%	11.1%	7.0%
U.S. Embarkations	8.61	8.10	7.11	6.3%	13.9%	9.4%
Industry Spending in U.S. ($ Billions)	**$14.99**	**$13.58**	**$11.85**	**10.4%**	**14.6%**	**8.7%**
Cruise Lines	$ 11.76	$ 10.70	$ 9.49	9.9%	12.7%	7.4%
Goods and Services	$ 10.11	$ 9.36	$ 8.46	8.0%	10.6%	6.7%
Capital Equipment (incl. net interest)	$ 1.65	$ 1.34	$ 1.03	22.9%	30.5%	13.2%
Passengers and crew	$ 3.23	$ 2.88	$ 2.36	12.1%	22.1%	14.6%
Wages & Taxes Paid by Cruise Lines	$ 1.19	$ 1.12	$ 1.07	6.0%	4.3%	1.9%
Total U.S.-based Spending	**$16.18**	**$14.70**	**$12.92**	**10.0%**	**13.8%**	**8.1%**

U.S. PORTS LEAD THE WORLD IN CRUISE EMBARKATIONS

U.S. ports continued to handle 75 percent of all global cruise embarkations in 2005. More than 8.6 million cruise passengers began their cruises from ports in the United States, an increase of 6.3 percent over the previous year.

EMBARKATIONS OF NORTH AMERICAN CRUISE INDUSTRY BY PORT* AND REGION OF THE WORLD

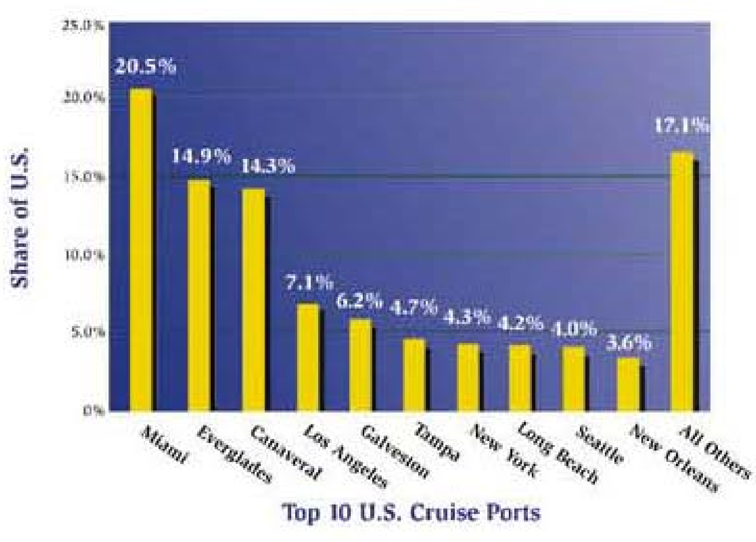
	PASSENGERS 2005	PASSENGERS 2004
United States	**8,612,000**	**8,100,000**
Florida	**4,843,000**	**4,724,000**
Miami	1,771,000	1,682,000
Port Everglades	1,283,000	1,324,000
Port Canaveral	1,234,000	1,220,000
Tampa	408,000	385,000
Jacksonville	147,000	113,000
California	**1,301,000**	**1,095,000**
Los Angeles	615,000	470,000
Long Beach	363,000	367,000
San Diego	234,000	173,000
San Francisco	89,000	85,000
New York	**370,000**	**547,000**
Other U.S. Ports	**2,098,000**	**1,734,000**
Galveston	531,000	435,000
Seattle	337,000	285,000
New Orleans	308,000	327,000
Honolulu	236,000	171,000
Seward	164,000	163,000
Cape Liberty	147,000	N/A
Houston	99,000	83,000
Boston	80,000	100,000
Baltimore	67,000	105,000
Philadelphia	50,000	29,000
Remaining U.S. Ports	79,000	36,000
Canada	**455,000**	**454,000**
Vancouver	435,000	436,000
Other Canada Ports	20,000	18,000
San Juan	**581,000**	**450,000**
North America	**9,648,000**	**9,004,000**
Rest of the World	**1,852,000**	**1,846,000**
Total	**11,500,000**	**10,850,000**

**All estimated cruise embarkations have been rounded to the nearest thousand*

- With 56 percent of U.S. embarkations, Florida's five cruise ports continued to lead the country in cruise operations. Passenger carryings in Jacksonville increased by 30 percent over the previous year.
- California's four cruise ports handled 1.3 million passengers in 2005. Los Angeles and San Diego experienced double-digit growth for the second consecutive year.
- Texas' ports in Galveston and Houston boosted embarkations to 630,000 passengers, an increase of 18 percent.
- Smaller homeports such as Cape Liberty, NJ; Charleston; Norfolk; Mobile and Honolulu continued to grow in 2005. In fact, ports that were not included in the top 10 rankings grew to 1.5 million embarkations, a rise of 29 percent over the previous year.
- New Orleans still ranked in the top 10 cruise ports in spite of its temporary closure following Hurricane Katrina.

U.S. MARKET SHARE BY EMBARKATIONS OF MAJOR PORTS

The top 10 ports accounted for 84 percent of all U.S. embarkations.



On average, a 2,000-passenger ship with 950 crewmembers generates approximately $258,000 in onshore spending in a U.S. homeport city (where passengers embark on their cruise). The average passenger spends approximately $105 per homeport and U.S. port-of-call visit.

EVERY STATE BENEFITS FROM NORTH AMERICAN CRUISE LINE PURCHASES

The North American cruise industry benefited every state economy through $16.2 billion in direct purchases for goods and services for cruise operations. This direct spending in turn generated a total of $32.4 billion in economic spending and 330,346 jobs paying $13.5 billion in wages. States benefited from cruise line purchases that included air transportation, food and beverages, ship maintenance and refurbishment, engineering and travel agent commissions. The economic impacts were concentrated in 10 states that accounted for 77 percent of the total U.S. impacts: Florida, California, New York, Alaska, Texas, Georgia, Washington, Hawaii, Massachusetts and Illinois.

STATE	DIRECT PURCHASES ($ MILLIONS)	TOTAL EMPLOYMENT	TOTAL INCOME ($ MILLIONS)
Alabama	$98	1,489	$50
Alaska	$994	21,389	$792
Arizona	$145	2,097	$78
Arkansas	$27	291	$10
California	$1,606	47,860	$2,155
Colorado	$355	3,685	$189
Connecticut	$84	591	$34
Delaware	$21	140	$7
Dist. of Columbia	$17	129	$10
Florida	$5,472	128,042	$4,772
Georgia	$581	9,538	$412
Hawaii	$512	12,222	$394
Idaho	$15	160	$5
Illinois	$368	5,077	$239
Indiana	$199	2,864	$127
Iowa	$32	278	$10
Kansas	$54	3,192	$108
Kentucky	$65	1,261	$47
Louisiana	$241	4,966	$161
Maine	$31	412	$14
Maryland	$112	1,154	$56
Massachusetts	$401	4,305	$245
Michigan	$196	1,873	$91
Minnesota	$91	1,362	$65
Mississippi	$33	376	$12
Missouri	$88	1,238	$52
Montana	$5	56	$2
Nebraska	$51	496	$27
Nevada	$51	349	$14
New Hampshire	$29	429	$17
New Jersey	$321	5,032	$252
New Mexico	$18	507	$16
New York	$1,042	20,000	$992
North Carolina	$273	2,815	$112
North Dakota	$9	172	$4
Ohio	$154	1,695	$72
Oklahoma	$30	365	$13
Oregon	$64	1,664	$55
Pennsylvania	$348	4,811	$211
Rhode Island	$26	237	$9
South Carolina	$70	1,033	$34
South Dakota	$6	56	$2
Tennessee	$69	746	$31
Texas	$934	15,807	$713
Utah	$35	455	$17
Vermont	$5	42	$2
Virginia	$176	2,718	$134
Washington	$562	14,082	$624
West Virginia	$8	88	$3
Wisconsin	$52	672	$26
Wyoming	$3	28	$1
U.S. Total	**$16,180**	**330,346**	**13,516**

STUDY DETAILS

This analysis, conducted by Business Research and Economic Advisors (BREA), expands on a previous study from 2004. BREA gathered and analyzed data from a broad spectrum of the cruise industry, including all of the major cruise lines. The data has been aggregated and adjusted to develop industry-wide estimates of revenues and expenses. Additionally, BREA used its industry and macroeconomic models to trace the impact of cruise line spending on U.S. output and jobs by industry and used U.S. government impact factors to determine the state analysis.

The analysis provides a detailed outline of the study's conclusions regarding the cruise industry's revenues and expenditures in 2005. The full report may be viewed on the ICCL Web site at **www.iccl.org**.

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