

ROYAL CARIBBEAN CRUISES LTD  
Form DEF 14A  
April 08, 2016  
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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)

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No fee required.

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**Royal Caribbean Cruises Ltd.**

**NOTICE OF 2016 ANNUAL MEETING AND PROXY STATEMENT**

LONDON, ENGLAND ½ MAY 20, 2016

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**Table of Contents****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 shareholders on how we are performing. We place significant value on your opinion and we have strived to highlight in this summary key information for your consideration. It is important, however, that you read the entire proxy statement carefully before voting.

**Annual Meeting of Shareholders**

**When:** May 20, 2016  
**Where:** 9:00 AM, local time  
 InterContinental London Park Lane  
 One Hamilton Place, Park Lane  
 London W1J 7QY England  
**Record Date:** March 30, 2016  
**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 amended and restated equity plan  
 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**

|  | <b>Page for<br/>More<br/>Information</b> | <b>Board Vote Recommendation</b> |
|--|--|----------------------------------|
| Election of twelve directors   | 22                                       | <b>FOR</b>                       |
| Vote on executive compensation   | 31                                       | <b>FOR</b>                       |
| Approval of the amended and restated 2008 Equity Incentive Plan        | 57                                       | <b>FOR</b>                       |
| Ratification of Pricewaterhouse Coopers LLP as our independent auditor | 63                                       | <b>FOR</b>                       |
| Shareholder Proposal   | 65                                       | <b>NO RECOMMENDATION</b>         |

**Governance Highlights**

We are committed to maintaining strong governance practices and continually seek to improve in this important area. Board composition, a critical part of our governance framework, was a key focus area in 2015. We proactively sought to strengthen the Board by adding two new talented and independent directors, Mr. Donald Thompson, the former President & CEO of McDonald's Corporation and Ms. Maritza Montiel, the former Deputy CEO & Vice Chairman of Deloitte LLP. We believe that both new directors are great additions and further contribute to the diversity in experience, attributes and skills of our Board. This brings the total of new Board members in the last five years to five, striking what

we believe is an effective balance between continuity and fresh perspective.

**Outside Director Tenure**

**Average Outside Director Tenure**

1

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| Name                       | Director |       |   | Independent | Committee Memberships |    |     |     |
|----------------------------|----------|-------|---|-------------|-----------------------|----|-----|-----|
|                            | Age      | Since | Principal Occupation                            |             | AC                    | CC | NGC | SEH |
| John F. Brock              | 67       | 2014  | Chairman & CEO, Coca-Cola Enterprises           | Yes         |                       | M  | M   |     |
| Richard D. Fain            | 68       | 1981  | Chairman & CEO, Royal Caribbean                 | No          |                       |    |     |     |
| William L. Kimsey          | 73       | 2003  | Former CEO, Ernst & Young Global                | Yes         | C                     |    | M   |     |
| Maritza G. Montiel         | 64       | 2015  | Former Deputy CEO & Vice Chairman, Deloitte     | Yes         | M                     |    |     |     |
| Ann S. Moore               | 65       | 2012  | Former Chairman & CEO, Time                     | Yes         |                       | M  |     |     |
| Eyal M. Ofer               | 65       | 1995  | Chairman, Ofer Global                           | Yes         |                       |    | M   | M   |
| Thomas J. Pritzker         | 65       | 1999  | Executive Chairman, Hyatt Hotels                | Yes         |                       |    | C   |     |
| William K. Reilly          | 76       | 1998  | Founding Partner, Aqua International Partners   | No          |                       |    |     | C   |
| Bernt Reitan               | 67       | 2004  | Former Executive Vice President, Alcoa          | Yes         | M                     | C  |     |     |
| Vagn O. Sørensen           | 56       | 2011  | Former President & CEO, Austrian Airlines Group | Yes         | M                     | M  |     | M   |
| Donald Thompson            | 53       | 2015  | Retired President & CEO, McDonald's             | Yes         |                       | M  |     | M   |
| Arne Alexander Wilhelmssen | 50       | 2003  | Chairman, AWILHELMSEN AS                        | Yes         |                       |    |     | M   |

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

**Other Key Governance Facts**

|   |     |
|---|-----|
| Current size of the Board   | 12  |
| Current number of Independent Directors   | 10  |
| 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  |

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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.

2015 marked the second year of our four year **DOUBLE-DOUBLE** program (**DOUBLE-DOUBLE**) and the strong results we achieved keep us on track to accomplish our goal of doubling 2014 Adjusted Earnings per Share and achieving double-digit Return on Invested Capital by 2017. Our compensation programs responded to these outcomes as outlined below.

#### How We Performed

Record Adjusted EPS\* of \$4.83, representing a second consecutive year of 40%+ year over year earnings growth

Record Adjusted Net Income\* in excess of \$1 billion

2015 ROIC\*\* was 7.6%, up from 5.9% for 2014

8 consecutive year of constant currency net yield improvement

Strong cost discipline resulting in a 0.6% decrease in net cruise costs excluding fuel

One year total shareholder return of 25%; cumulative five-year shareholder return of approximately 130%

Significant operational/strategic achievements, including:

Continued strong onboard revenue growth

#### How We Paid our Executives

Continued focus on at-risk pay, with 89% of target compensation for our Chairman & CEO (and 74% for other NEOs) variable based on Company performance

Recognizing that the Chairman & CEO's total target compensation was well below market median (24<sup>th</sup> percentile) and in light of continued high performance, increased his total target compensation to slightly above median (with 100% of the increase variable based on Company performance)

Recognizing that total target compensation for the other NEOs was also below market median (in most cases 25<sup>th</sup> percentile or lower) and in light of continued high performance, increased total target compensation to between the 25<sup>th</sup> and 50<sup>th</sup> percentile of the market (with significant percentage of the increase variable based on Company performance)

Paid bonuses to our NEOs between 117% and 134% of target based on exceeding defined metrics (CEO bonus at 121% of target)



Highly successful introduction of *Quantum of the Seas* to the China market

Successful delivery and introduction of *Anthem of the Seas* as well as *Mein Schiff 4* for our TUI Cruises joint venture

Launched operations of SkySea Cruises in China

25% dividend growth

Repurchased \$200 million of shares

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

\*\* See page 43 for ROIC calculation methodology.

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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 enhanced our program in 2015 to increase our emphasis on long-term performance based compensation and better align our compensation programs with our **DOUBLE-DOUBLE** goals. Our 2015 program is summarized in the table below.

**Snapshot of our 2015 Executive Compensation Program**

|   |  |
|---|--|
| <b>Continued emphasis on at risk compensation</b>   | <p><i>89% of target compensation for Chairman &amp; CEO (and 74% for other NEOs) varies based on Company performance</i></p> <p><i>Adjusted the weighting of the equity award vehicles for our Chairman &amp; CEO to approximately 55% performance shares and 45% restricted stock units</i></p> <p><i>50% of annual long-term incentive awards for other NEOs comprised of performance shares</i></p>   |
| <b>Enhanced long-term performance focus of our programs</b>   | <p><i>Weighted compensation changes for our NEOs primarily towards long-term incentive awards</i></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> <p><i>Extended the compensation clawback period applicable to our performance share grants to 2 years following the end of the performance period</i></p> |
| <b>Implemented changes to align with our <b>DOUBLE-DOUBLE</b> program while also continuing to stress importance of critical operational measures</b> | <p><i>Added a second measure to our performance share plan so that, consistent with our <b>DOUBLE-DOUBLE</b> program, payouts are based both on ROIC and EPS</i></p> <p><i>Set target payout for 2015 performance share grants to correspond with <b>DOUBLE-DOUBLE</b> goals (i.e. 2017 Adjusted EPS double 2014 Adjusted EPS and 2017 ROIC 10.0%)</i></p>   |

*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*

*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*

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Our 2016 executive compensation program is generally consistent with the 2015 program with the exception that we further increased the emphasis on performance for our Chairman & CEO's compensation package by adjusting the split on his long-term incentive compensation from 55% performance shares/45% restricted stock units to 60% performance shares/40% restricted stock units. In setting performance targets for 2016 long-term incentive grants, we again used a three year performance period and set both ROIC and EPS as the applicable metrics.

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 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         |
| Include clawback provisions for our cash and equity incentive awards   |  |
| Prohibit our employees and directors from entering into any transaction to hedge the economic risk of owning the Company's stock |  |
| Hold an annual say-on-pay advisory vote  |  |

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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., local time, on Friday, May 20, 2016 at the Intercontinental London Park Lane, One Hamilton Place, Park Lane, London, W1J 7QY, England, for the following purposes:

1. To elect twelve directors to our Board of Directors, each for a one-year term expiring in 2017;
- 2.