MOORE GORDON EARLE
Form 4
May 13, 2011

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
MOORE GORDON EARLE

(Last) (First) (Middle)

INTEL CORPORATION, 2200 MISSION COLLEGE BLVD.

(Street)

SANTA CLARA, CA 95052-8119

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
GILEAD SCIENCES INC [GILD]

3. Date of Earliest Transaction (Month/Day/Year)
05/11/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/11/2011		M		3,820	A	(2)	705,866	D	
Common Stock								715,839	I	by Trust

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Am Underlying Sec (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	A o N o
Non-Qualified Stock Options (right to buy)	$ 41.29	05/12/2011		A		10,141		(1)	05/12/2021	Common Stock	
Restricted Stock Units	(2)	05/12/2011		A		3,632		(3)	(3)	Common Stock	
Restricted Stock Units	(2)	05/11/2011		M			3,820	(4)	(4)	Common Stock	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MOORE GORDON EARLE INTEL CORPORATION 2200 MISSION COLLEGE BLVD. SANTA CLARA, CA 95052-8119	X			

Signatures

/s/ Kristen Metza by Power of Attorney for Gordon E. Moore	05/13/2011
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Options vest quarterly over the first year of service and will be fully vested on May 12, 2012.

(2) Each restricted stock unit represents the contingent right to receive one share of Gilead Sciences, Inc.'s common stock.

(3) 100% of the restricted stock units will vest on May 12, 2012, at the end of the first year of service.

(4) 100% of the restricted stock units vested on May 11, 2011, at the end of the first year of service.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. padding-bottom:2px;padding-right:2px;">
Land, buildings and improvements, including leasehold improvements and port facilities
250,079

341,605

Computer hardware and software, transportation equipment and other
762,512

1,108,301

Total property and equipment
27,780,096

28,142,792

Less—accumulated depreciation and amortization
(8,044,916
)

(7,981,365
)

$
19,735,180

$
20,161,427

Ships under construction include progress payments for the construction of new ships as well as planning, design, interest and other associated costs. We capitalized interest costs of $24.2 million, $25.3 million and $26.5 million for the years 2017, 2016 and 2015, respectively.
During 2017, we sold our three aircraft and 6% of our ownership stake in Wamos Air, S.A. (formerly known as Pullmantur Air, S.A.) to Wamos Air, S.A. In connection with the sale transaction, we extended two loans to Wamos Air, S.A. totaling €17.3 million, or approximately $20.8 million based on the exchange rate at December 31, 2017. The loans accrue interest at rates ranging from 4.78% to 5.35% per annum, amortize through maturity of October 2019 and July 2021, respectively, and are secured by first priority security interests over the aircraft engines and shares sold

in connection with the transaction. The sale resulted in an immaterial gain that was recognized in earnings during the fourth quarter of 2017. Post-sale, we retain a 13% interest in Wamos Air, S.A.

During 2017, we entered into agreements with Meyer Turku to build two Icon-class ships for our Royal Caribbean International brand and we entered into an agreement to purchase a ship for our Azamara Club Cruises brand. Refer to Note 15. Commitments and Contingencies for further information.

In March 2017, we sold Legend of the Seas to an affiliate of TUI AG, our joint venture partner in TUI Cruises. The sale resulted in a gain of $30.9 million and is reported within Other operating within Cruise operating expenses in our consolidated statements of comprehensive income (loss) for the year ended December 31, 2017.

During 2016, we sold our 51% interest in Pullmantur Holdings. For further information on the sale transaction, refer to Note 1. General. Due to this sale and the resulting change in the nature of the cash flows generated by the vessels that are owned by us and operated by Pullmantur Holdings, we reviewed these vessels for impairment and determined that the undiscounted future cash flows of the vessels exceeded their carrying value; therefore, no impairment was required at the time of the sale.

In April 2016, we sold Splendour of the Seas to TUI Cruises. Concurrent with the acquisition, TUI Cruises leased the ship to an affiliate of TUI AG, our joint venture partner in TUI Cruises, which now operates the ship. The gain recognized did not have a material effect to our consolidated financial statements.

During 2015, in conjunction with performing the two-step goodwill impairment test for the Pullmantur reporting unit, we identified that the estimated fair value of certain long-lived assets, consisting of two ships and three aircraft were less than their carrying values. As a result of this determination, we evaluated these assets pursuant to our long-lived asset impairment test, resulting in an impairment charge of $113.2 million to write down these assets to their estimated fair values. This impairment charge was recognized in earnings during the third quarter of 2015 and is reported within Impairment of Pullmantur related assets within our consolidated statements of comprehensive income (loss).

During 2015, Pullmantur sold Ocean Dream to an unrelated third-party for $34.6 million. The purchase price was paid via a secured promissory note, payable over a nine-year period. The buyer's obligations under this loan accrue interest at the rate of 6.0% per annum and are secured by a first priority mortgage on the ship. The sale resulted in an immaterial gain that was deferred and is expected to be recognized at the end of the nine-year term.

Note 6. Other Assets

A Variable Interest Entity ("VIE") is an entity in which the equity investors have not provided enough equity to finance the entity's activities or the equity investors (1) cannot directly or indirectly make decisions about the entity's activities through their voting rights or similar rights; (2) do not have the obligation to absorb the expected losses of the entity; (3) do not have the right to receive the expected residual returns of the entity; or (4) have voting rights that are not proportionate to their economic interests and the entity's activities involve or are conducted on behalf of an investor with a disproportionately small voting interest.

We have determined that TUI Cruises GmbH, our 50%-owned joint venture, which operates the brand TUI Cruises, is a VIE. As of December 31, 2017, the net book value of our investment in TUI Cruises was approximately $624.5 million, primarily consisting of $422.8 million in equity and a loan of €166.5 million, or approximately $199.8 million based on the exchange rate at December 31, 2017. As of December 31, 2016, the net book value of our investment in TUI Cruises was approximately $517.0 million, primarily consisting of $323.5 million in equity and a loan of €182.3

million, or approximately $192.4 million based on the exchange rate at December 31, 2016. The loan, which was made in connection with the sale of Splendour of the Seas in April 2016, accrues interest at a rate of 6.25% per annum and is payable over 10 years. This loan is 50% guaranteed by TUI AG, our joint venture partner in TUI Cruises, and is secured by a first priority mortgage on the ship. Refer to Note 5. Property and Equipment for further information. The majority of these amounts were included within Other assets in our consolidated balance sheets.

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ROYAL CARIBBEAN CRUISES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In addition, we and TUI AG have each guaranteed the repayment by TUI Cruises of 50% of a bank loan. As of December 31, 2017, the outstanding principal amount of the loan was €95.1 million, or approximately $114.2 million based on the exchange rate at December 31, 2017. While this loan matures in May 2022, the lenders have agreed to release each shareholder's guarantee if certain conditions are met by April 2018. The loan amortizes quarterly and is secured by first mortgages on the Mein Schiff 1 and Mein Schiff 2 vessels. Based on current facts and circumstances, we do not believe potential obligations under our guarantee of this bank loan are probable.

Our investment amount, outstanding term loan and the potential obligations under the bank loan guarantee are substantially our maximum exposure to loss in connection with our investment in TUI Cruises. We have determined that we are not the primary beneficiary of TUI Cruises. We believe that the power to direct the activities that most significantly impact TUI Cruises' economic performance are shared between ourselves and TUI AG. All the significant operating and financial decisions of TUI Cruises require the consent of both parties, which we believe creates shared power over TUI Cruises. Accordingly, we do not consolidate this entity and account for this investment under the equity method of accounting.

TUI Cruises has two newbuild ships on order scheduled to be delivered in each of 2018 and 2019. TUI Cruises has in place agreements for the secured financing of each of the ships on order for up to 80% of the contract price. The remaining portion of the contract price of the ships is expected to be funded through an existing €150.0 million, or approximately $180.1 million based on the exchange rate at December 31, 2017, bank facility and TUI Cruises' cash flows from operations. The various ship construction and financing agreements include certain restrictions on each of our and TUI AG's ability to reduce our current ownership interest in TUI Cruises below 37.55% through 2021.

We have determined that Pullmantur Holdings, in which we have a 49% noncontrolling interest, is a VIE for which we are not the primary beneficiary, as we do not have the power to direct the activities that most significantly impact the entity's economic performance. Accordingly, following the sale of our 51% interest in Pullmantur Holdings to Springwater Capital LLC ("Springwater") in 2016, we do not consolidate this entity and we account for this investment under the equity method of accounting. As of December 31, 2017, our maximum exposure to loss in Pullmantur Holdings was approximately $53.7 million consisting of loans and other receivables. As of December 31, 2016, our maximum exposure to loss in Pullmantur Holdings was approximately $43.7 million consisting of loans and other receivables. These amounts were included within Trade and other receivables, net and Other assets in our consolidated balance sheets.

In conjunction with the sale of our 51% interest in Pullmantur Holdings, we agreed to provide a non-revolving working capital facility to a Pullmantur Holdings subsidiary in the amount of up to €15.0 million or approximately $18.0 million based on the exchange rate at December 31, 2017. Proceeds of the facility, which may be drawn through July 2018, will bear interest at the rate of 6.5% per annum and are payable through 2022. Springwater has guaranteed repayment of 51% of the outstanding amounts under the facility. As of December 31, 2017, no amounts had been drawn on this facility. See Note 1. General for further discussion on the sales transaction.

We have determined that Grand Bahama Shipyard Ltd. ("Grand Bahama"), a ship repair and maintenance facility in which we have a 40% noncontrolling interest, is a VIE. This facility serves cruise and cargo ships, oil and gas tankers and offshore units. We utilize this facility, among other ship repair facilities, for our regularly scheduled drydocks and certain emergency repairs as may be required. During the year ended December 31, 2017 and 2016, we made payments of $16.0 million and $39.8 million, respectively, to Grand Bahama for ship repair and maintenance services. We have determined that we are not the primary beneficiary of this facility, as we do not have the power to direct the activities that most significantly impact the facility's economic performance. Accordingly, we do not consolidate this entity and we account for this investment under the equity method of accounting. As of December 31, 2017, the net book value of our investment in Grand Bahama was approximately $49.4 million, consisting of $32.4 million in equity and a loan of $17.0 million. As of December 31, 2016, the net book value of our investment in Grand Bahama

was approximately $47.0 million, consisting of $23.2 million in equity and a loan of $23.8 million. These amounts represent our maximum exposure to loss related to our investment in Grand Bahama. During the first quarter of 2016, our debt agreement with Grand Bahama was amended to extend the maturity by 10 years and increase the applicable interest rate to the lower

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of (i) LIBOR plus 3.50% and (ii) 5.50%. Interest payable on the loan is due on a semi-annual basis. We have experienced strong payment performance on the loan since its amendment, and as a result completed an evaluation and review of the loan resulting in a reclassification of the loan to accrual status as of October 2017. During the year ended December 31, 2017, we received principal and interest payments of approximately $15.7 million. During the year ended December 31, 2016, we received payments of approximately $14.8 million. The loan balance is included within Other assets in our consolidated balance sheets. The loan is currently accruing interest under the effective yield method, which includes the recognition of previously unrecognized interest that accumulated while the loan was in non-accrual status.

We monitor credit risk associated with the loan through our participation on Grand Bahama's board of directors along with our review of Grand Bahama's financial statements and projected cash flows. Based on this review, we believe the risk of loss associated with the outstanding loan is not probable as of December 31, 2017.

We have determined that Skysea Holding International Ltd. ("Skysea Holding"), in which we have a 36% noncontrolling interest, is a VIE. During the second quarter of 2017, we made an equity contribution of $7.1 million which increased our equity interest from 35% to 36%. The contribution was made pursuant to a funding arrangement in which the entity's three largest investors agreed to contribute a total of $30.0 million in proportion to their equity interest in a series of installments. We have determined that we are not the primary beneficiary of Skysea Holding as we do not have the power to direct the activities that most significantly impact the entity's economic performance. Accordingly, we do not consolidate this entity and we account for this investment under the equity method of accounting. In December 2014, we and Ctrip.com International Ltd, which also owns 36% of Skysea Holding, each provided a debt facility to a wholly owned subsidiary of Skysea Holding in the amount of $80.0 million, with an applicable interest rate of 6.5% per annum, which mature in January 2030. Due to recent payment performance, the loans were classified to non-accrual status in 2017. The facilities, which are pari passu to each other, are each 100% guaranteed by Skysea Holding and are secured by first priority mortgages on the ship Golden Era. As of December 31, 2017, the net book value of our investment in Skysea Holding and its subsidiaries was approximately $96.0 million, consisting of $4.4 million in equity and loans and other receivables of $91.6 million. As of December 31, 2016, the net book value of our investment in Skysea Holding and its subsidiaries was approximately $98.0 million, consisting of $9.2 million in equity and loans and other receivables of $88.8 million. The majority of these amounts were included within Other assets in our consolidated balance sheets and represent our maximum exposure to loss related to our investment in Skysea Holding.

We monitor credit risk associated with the loan through our participation on Skysea Holding's board of directors along with our review of Skysea Holding's financial statements and projected cash flows. Based on this review, we believe the risk of loss associated with the outstanding loan is not probable as of December 31, 2017.

The following tables set forth information regarding our investments accounted for under the equity method of accounting, including the entities discussed above, (in thousands):

	For the period ended December 31,		
	2017	2016	2015
Share of equity income from investments	$156,247	$128,350	$81,026
Dividends received	$109,677	$75,942	$33,338

	As of December 31,	
	2017	2016
Total notes receivable due from equity investments	$314,323	$323,636
Less-current portion[1]	38,658	40,742
Long-term portion[2]	$275,665	$282,894

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) Included within Trade and other receivables, net in our consolidated balance sheets.

(2) Included within Other assets in our consolidated balance sheets.

We also provide ship management services to TUI Cruises GmbH, Pullmantur Holdings and Skysea Holding. Additionally, we bareboat charter to Pullmantur Holdings the vessels currently operated by its brands, which were retained by us following the sale of our 51% interest in Pullmantur Holdings. We recorded the following as it relates to these services in our operating results within our consolidated statements of comprehensive income (loss) (in thousands):

	For the period ended December 31,		
	2017	2016	2015
Revenues	$53,532	$30,517	$20,217
Expenses	$15,176	$12,795	$15,669

Summarized financial information for our affiliates accounted for under the equity method of accounting was as follows (in thousands):

	As of December 31,	
	2017	2016
Current assets	$532,330	$492,707
Non-current assets	3,673,613	2,942,580
Total assets	$4,205,943	$3,435,287
Current liabilities	$1,152,193	$887,175
Non- current liabilities	1,974,166	1,704,495
Total liabilities	$3,126,359	$2,591,670
Equity attributable to:		
Noncontrolling interest	$1,753	$1,544

	For the period ended December 31,		
	2017	2016	2015
Total revenues	$1,994,014	$1,340,662	$990,172
Total expenses	(1,684,276)	(1,078,470)	(830,898)
Net income	$309,738	$262,192	$159,274

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Long-Term Debt
Long-term debt consists of the following (in thousands):

	2017	2016
$1.4 billion unsecured revolving credit facility, LIBOR plus 1.175%, currently 2.64% and a facility fee of 0.20%, due 2020	$300,000	$925,000
$1.2 billion unsecured revolving credit facility, LIBOR plus 1.175%, currently 2.58% and a facility fee of 0.20%, due 2022	280,000	805,000
Unsecured senior notes and senior debentures, 2.65% to 7.50%, due 2018, 2020, 2022, 2027 and 2028	1,866,359	1,073,261
$200 million unsecured term loan, LIBOR plus 1.30%	—	200,000
$841.8 million unsecured term loan, LIBOR plus 1.00%, currently 2.52% due through 2028	736,604	806,756
$226.1 million unsecured term loan, 2.53%, due through 2028	197,837	216,677
€700.7 million unsecured term loan, EURIBOR plus 1.15% currently 1.15%, due through 2028	736,020	708,417
$742.1 million unsecured term loan, LIBOR plus 1.30%, currently 2.81%, due through 2027	587,497	649,338
$273.2 million unsecured term loan, LIBOR plus 1.75%	—	273,166
$519 million unsecured term loan, LIBOR plus 0.45%, currently 2.00%, due through 2020	129,786	173,049
$420 million unsecured term loan, 5.41%, due through 2021	135,514	171,444
$420 million unsecured term loan, LIBOR plus 1.65%, currently 3.21%, due through 2021	140,000	175,000
€159.4 million unsecured term loan, EURIBOR plus 1.58%, currently 1.58%, due through 2021	63,798	70,082
$524.5 million unsecured term loan, LIBOR plus 0.50%, currently 1.96%, due through 2021	174,833	218,542
$566.1 million unsecured term loan, LIBOR plus 0.37%, currently 1.90%, due through 2022	212,276	259,448
$1.1 billion unsecured term loan, LIBOR plus 1.65%, currently 3.21%, due through 2022	345,877	460,652
$632.0 million unsecured term loan, LIBOR plus 0.40%, currently 1.86%, due through 2023	315,979	368,643
$673.5 million unsecured term loan, LIBOR plus 0.40%, currently 1.92%, due through 2024	392,860	448,983
$65.0 million unsecured term loan, LIBOR plus 1.45%, currently 3.02%, due through 2019	65,227	67,027
$380.0 million unsecured term loan, LIBOR plus 1.45%, currently 3.02%, due 2018	380,000	380,000
$791.1 million unsecured term loan, LIBOR plus 1.30%, currently 2.85%, due through 2026	593,331	659,256
$290.0 million unsecured term loan, LIBOR plus 1.75%	—	290,000
€365 million unsecured term loan, EURIBOR plus 1.75%	—	123,963
$7.3 million unsecured term loan, LIBOR plus 2.5%	—	3,964
$30.3 million unsecured term loan, LIBOR plus 3.75%, currently 5.29%, due through 2021	5,400	6,597
€80.0 million unsecured term loan, EURIBOR plus 1.32% currently 1.32%, due through 2024	14,267	—
Capital lease obligations	33,139	40,385
Total debt	7,706,604	9,574,650
Less: unamortized debt issuance costs	(167,153)	(187,214)
Total debt, net of unamortized debt issuance costs	7,539,451	9,387,436

Less: current portion	(1,188,514)	(1,285,735)
Long-term portion	$6,350,937	$8,101,701

In October 2017, we amended and restated our $1.2 billion unsecured revolving credit facility due August 2018. The amendment reduced the applicable margin and extended the termination date to October 2022. The applicable margin and facility fee vary with our debt rating and are currently 1.175% and 0.20%, respectively. In December 2017, we also amended and restated our $1.4 billion unsecured revolving credit facility due June 2020 to reduce pricing in line with the amended pricing of the $1.2 billion unsecured revolving credit facility. These amendments did not result

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

in the extinguishment of debt. Accordingly, as of December 31, 2017, we have an aggregate revolving borrowing capacity of $2.6 billion.
In November 2017, we issued $300 million of 2.65% and $500 million of 3.70% unsecured senior notes due 2020 and 2028, respectively, at 99.977% and 99.623% of par, respectively. Amounts from the issuance of these notes were used for general corporate purposes, such as repayment and refinancing of debt.
In November 2017, we entered into a credit agreement which provides an unsecured term loan facility in an amount up to €80.0 million, or approximately $96.0 million based on the exchange rate at December 31, 2017, for the purchase of a ship we have on order designed for the Galapagos Islands. We may draw up to five times under the facility through the earlier of the delivery of the ship and June 30, 2019. As of December 31, 2017, we have drawn €11.9 million, or approximately $14.3 million based on the exchange rate at December 31, 2017, on this facility. The loan is due and payable at maturity in November 2024. Interest on the loan accrues at a floating rate based on EURIBOR plus the applicable margin. The applicable margin varies with our debt rating and was 1.32% as of December 31, 2017. In addition, we are subject to a commitment fee of 0.20% per annum on the undrawn amount.
Except as described above, all of our unsecured ship financing term loans are guaranteed by the export credit agency in the respective country in which the ship is constructed. In consideration for these guarantees, depending on the financing arrangement, we pay to the applicable export credit agency (1) a fee of 1.01% per annum based on the outstanding loan balance semi-annually over the term of the loan (subject to adjustment based upon our credit ratings) or (2) an upfront fee of 2.35% to 2.37% of the maximum loan amount. We amortize the fees that are paid upfront over the life of the loan and those that are paid semi-annually over each respective payment period. We classify these fees within Amortization of debt issuance costs in our consolidated statements of cash flows and within Other assets in our consolidated balance sheets.
Under certain of our agreements, the contractual interest rate, facility fee and/or export credit agency fee vary with our debt rating.
The unsecured senior notes and senior debentures are not redeemable prior to maturity, except that certain series may be redeemed upon the payment of a make-whole premium.
Following is a schedule of annual maturities on long-term debt including capital leases as of December 31, 2017 for each of the next five years (in thousands):

Year	
2018	$1,188,514
2019	762,614
2020	1,292,478
2021	640,734
2022	1,380,583
Thereafter	2,274,528
	$7,539,451

Note 8. Shareholders' Equity
During the fourth and third quarters of 2017, we declared a cash dividend on our common stock of $0.60 per share which was paid in the first quarter of 2018 and fourth quarter of 2017, respectively. During the first and second quarters of 2017, we declared a cash dividend on our common stock of $0.48 per share which was paid in the second and third quarters of 2017, respectively.

During the fourth and third quarters of 2016, we declared a cash dividend on our common stock of $0.48 per share which was paid in the first quarter of 2017 and fourth quarter of 2016, respectively. We also declared and paid a cash dividend on our common stock of $0.375 per share during each of the first and second quarters of 2016. During

Explanation of Responses:

the first quarter of 2016, we also paid a cash dividend on our common stock of $0.375 per share which was declared during the fourth quarter of 2015.

In April 2017, our board of directors authorized a 12-month common stock repurchase program for up to $500 million. The timing and number of shares to be repurchased will depend on a variety of factors including price and market conditions. Repurchases under the program may be made at management's discretion from time to time on the open market or through privately negotiated transactions. During the year ended December 31, 2017, we repurchased 1.8 million shares of our common stock for a total of $225.0 million in open market transactions that were recorded within Treasury stock in our consolidated balance sheets. As of December 31, 2017, we have $275.0 million that remain available for future stock repurchase transactions under our Board approved program.

During February 2018, we repurchased an additional 1.5 million shares for a total of $186.4 million in open market transactions.

During the fourth quarter of 2015, our board of directors authorized a common stock repurchase program for up to $500 million that was completed in August 2016. During 2016, we purchased 4.1 million shares for a total of $300.0 million in open market transactions. These transactions were recorded within Treasury stock in our consolidated balance sheet. Our repurchases under this program, including the 2.1 million shares repurchased for $200.0 million during the fourth quarter of 2015, totaled $500.0 million.

Note 9. Stock-Based Employee Compensation

We currently have awards outstanding under two stock-based compensation plans, which provide for awards to our officers, directors and key employees. The plans consist of a 2000 Stock Award Plan and a 2008 Equity Plan. Our ability to issue new awards under the 2000 Stock Award Plan terminated in accordance with the terms of the plan in September 2009. The 2008 Equity Plan, as amended, provides for the issuance of up to 14,000,000 shares of our common stock pursuant to grants of (i) incentive and non-qualified stock options, (ii) stock appreciation rights, (iii) stock awards (including time-based and/or performance-based stock awards) and (iv) restricted stock units (including time-based and performance-based restricted stock units). During any calendar year, no one individual (other than non-employee members of our Board of Directors) may be granted awards of more than 500,000 shares and no non-employee member of our Board of Directors may be granted awards with a value in excess of $500,000 at the grant date. Options and restricted stock units outstanding as of December 31, 2017 generally vest in equal installments over four years from the date of grant. In addition, performance shares and performance share units generally vest in three years. With certain limited exceptions, awards are forfeited if the recipient ceases to be an employee before the shares vest. Options are granted at a price not less than the fair value of the shares on the date of grant and expire not later than ten years after the date of grant.

Prior to 2012, our officers received a combination of stock options and restricted stock units. Beginning in 2012, our officers instead receive their long-term incentive awards through a combination of performance share units and restricted stock units. Each performance share unit award is expressed as a target number of performance share units based upon the fair market value of our common stock on the date the award is issued. The actual number of shares underlying each award (not to exceed 200% of the target number of performance share units) will be determined based upon the Company's achievement of a specified performance target range. In 2017, we issued a target number of 140,542 performance share units, which will vest approximately three years following the award issue date. The performance payout of these grants will be based on return on our invested capital ("ROIC") and earnings per share (“EPS”) for the year ended December 31, 2019, as may be adjusted by the Talent and Compensation Committee of our Board of Directors in early 2020 for events that are outside of management's control. In 2014, we also issued a one-time performance-based equity award to our Chairman & Chief Executive Officer in a target amount of 63,771 performance share units. In February 2016, the Compensation Committee set the payout level for this grant at 165%

of target based on our 2015 ROIC performance. As of December 2017, the award is no longer subject to restrictions on transfer.

Beginning in 2016, our senior officers meeting certain minimum age and service criteria receive their long-term incentive awards through a combination of restricted stock awards and restricted stock units. The restricted stock awards are subject to both performance and time-based vesting criteria while the restricted stock units are subject only to time-

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based vesting criteria. Each restricted stock award is issued in an amount equal to 200% of the target number of shares underlying the award based upon the fair market value of our common stock on the date the award is issued. Dividends accrue (but do not get paid) on the restricted stock awards during the vesting period, with the accrued amounts to be paid out following vesting only on the number of shares underlying the award which actually vest based on satisfaction of the performance criteria. The actual number of shares that vest (not to exceed 200% of the shares) will be determined based upon the Company's achievement of a specified performance target range. In 2017, we issued 137,948 restricted stock awards, representing 200% of the target number of shares underlying the award, all of which are considered issued and outstanding from the date of issuance, however; grantees will only retain those shares earned as the result of the Company achieving the performance goals during the measurement period. The performance payout of the 2017 awards will be based on ROIC and EPS for the year ended December 31, 2019, as may be adjusted by the Talent and Compensation Committee of our Board of Directors in early 2020 for events that are outside of management's control.

We also provide an Employee Stock Purchase Plan ("ESPP") to facilitate the purchase by employees of up to 1,300,000 shares of common stock in the aggregate. Offerings to employees are made on a quarterly basis. Subject to certain limitations, the purchase price for each share of common stock is equal to 85% of the average of the market prices of the common stock as reported on the New York Stock Exchange on the first business day of the purchase period and the last business day of each month of the purchase period. During 2017, 2016 and 2015, 51,989, 42,347 and 28,724 shares of our common stock were purchased under the ESPP at a weighted-average price of $93.15, $65.48 and $72.52, respectively.

Total compensation expense recognized for employee stock-based compensation for the years ended December 31, 2017, 2016 and 2015 was as follows:

	Employee Stock-Based Compensation		
Classification of expense	2017	2016	2015
(In thousands)			
Marketing, selling and administrative expenses	$69,459	$32,659	$36,073
Total compensation expense	$69,459	$32,659	$36,073

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model. The estimated fair value of stock options, less estimated forfeitures, is amortized over the vesting period using the graded-vesting method. We did not issue any stock options during the years ended December 31, 2017, 2016 and 2015.

Stock option activity and information about stock options outstanding are summarized in the following table:

Stock Option Activity	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value[1]
			(years)	(in thousands)
Outstanding at January 1, 2017	346,310	$ 32.82	2.39	$ 17,221
Granted	—	—	—	—
Exercised	(72,000)	$ 35.07	—	—
Canceled	(1,586)	$ 46.18	—	—
Outstanding at December 31, 2017	272,724	$ 32.15	1.41	$ 24,053
Vested at December 31, 2017	272,724	$ 32.15	1.41	$ 24,053
Options Exercisable at December 31, 2017	272,724	$ 32.15	1.41	$ 24,053

(1) The intrinsic value represents the amount by which the fair value of stock exceeds the option exercise price.

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The total intrinsic value of stock options exercised during the years ended December 31, 2017, 2016 and 2015 was $4.5 million, $2.3 million and $13.8 million, respectively. As of December 31, 2017, there was no unrecognized compensation cost, net of estimated forfeitures, related to stock options granted under our stock incentive plan.
Restricted stock units are converted into shares of common stock upon vesting or, if applicable, are settled on a one-for-one basis. The cost of these awards is determined using the fair value of our common stock on the date of the grant, and compensation expense is recognized over the vesting period. Restricted stock activity is summarized in the following table:

Restricted Stock Units Activity	Number of Awards	Weighted-Average Grant Date Fair Value
Non-vested share units at January 1, 2017	748,516	$ 61.95
Granted	425,170	$ 99.03
Vested	(376,992)	$ 59.62
Canceled	(58,795)	$ 71.47
Non-vested share units expected to vest as of December 31, 2017	737,899	$ 83.78

The weighted-average estimated fair value of restricted stock units granted during the year ended 2016 and 2015 was $64.51 and $73.98, respectively. The total fair value of shares released on the vesting of restricted stock units during the years ended December 31, 2017, 2016 and 2015 was $38.7 million, $23.2 million and $27.6 million, respectively. As of December 31, 2017, we had $24.2 million of total unrecognized compensation expense, net of estimated forfeitures, related to restricted stock unit grants, which will be recognized over the weighted-average period of 1.73 years.
Performance share units are converted into shares of common stock upon vesting on a one-for-one basis. We estimate the fair value of each performance share when the grant is authorized and the related service period has commenced. We remeasure the fair value of our performance shares in each subsequent reporting period until the grant date has occurred, which is the date when the performance conditions are satisfied. We recognize compensation cost over the vesting period based on the probability of the service and performance conditions being achieved adjusted for each subsequent fair value measurement until the grant date. If the specified service and performance conditions are not met, compensation expense will not be recognized and any previously recognized compensation expense will be reversed. Performance share units activity is summarized in the following table:

Performance Share Units Activity	Number of Awards	Weighted-Average Grant Date Fair Value
Non-vested share units at January 1, 2017	342,152	$ 61.78
Granted	140,542	$ 84.16
Vested	(105,615)	$ 45.62
Canceled	(23,929)	$ 71.37
Non-vested share units expected to vest as of December 31, 2017	353,150	$ 74.87

The weighted-average estimated fair value of performance share units granted during the year ended 2016 and 2015 was $65.83 and $71.36, respectively. The total fair value of shares released on the vesting of performance share units during the years ended December 31, 2017, 2016 and 2015 was $10.0 million, $16.9 million and $18.3 million, respectively. As of December 31, 2017, we had $11.9 million of total unrecognized compensation expense, net of estimated forfeitures, related to performance share unit grants, which will be recognized over the weighted-average

period of 1.08 years.

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The shares underlying our restricted stock awards to age and service eligible senior officers are issued as of the grant date in an amount equal to 200% of the target number of shares. Following the vesting date, the restrictions will lift with respect to the number of shares for which the performance criteria was met and any excess shares will be canceled. Dividends will accrue on the issued restricted shares during the vesting period, but will not be paid to the recipient until the awards vest and the final number of shares underlying the award is determined, at which point, the dividends will be paid in cash only on the earned shares. We estimate the fair value of each restricted stock award when the grant is authorized and the related service period has commenced. We remeasure the fair value of these restricted stock awards in each subsequent reporting period until the grant date has occurred, which is the date when the performance conditions are satisfied. We recognize compensation cost over the vesting period based on the probability of the service and performance conditions being achieved adjusted for each subsequent fair value measurement until the grant date. If the specified service and performance conditions are not met, compensation expense will not be recognized, any previously recognized compensation expense will be reversed, and any unearned shares will be returned to the Company. Restricted stock awards activity is summarized in the following table:

Restricted Stock Awards Activity	Number of Awards	Weighted-Average Grant Date Fair Value
Non-vested share units at January 1, 2017	132,228	$ 66.93
Granted	137,948	$ 95.04
Vested	—	$ —
Canceled	—	$ —
Non-vested share units expected to vest as of December 31, 2017	270,176	$ 81.28

The weighted-average estimated fair value of restricted stock awards granted during the year ended 2016 was $66.93. As of December 31, 2017, we had $2.0 million of total unrecognized compensation expense, net of estimated forfeitures, related to restricted stock award grants, which will be recognized over the weighted-average period of 1.62 years.

Note 10. Earnings Per Share

A reconciliation between basic and diluted earnings per share is as follows (in thousands, except per share data):

	Year Ended December 31,		
	2017	2016	2015
Net income for basic and diluted earnings per share	$1,625,133	$1,283,388	$665,783
Weighted-average common shares outstanding	214,617	215,393	219,537
Dilutive effect of stock-based awards	1,077	923	1,152
Diluted weighted-average shares outstanding	215,694	216,316	220,689
Basic earnings per share:			
Net income	$7.57	$5.96	$3.03
Diluted earnings per share:			
Net income	$7.53	$5.93	$3.02

There were no antidilutive shares for the year ended December 31, 2017, 2016 and 2015.

Note 11. Retirement Plan

We maintain a defined contribution plan covering shoreside employees. Effective January 1, 2016, we commenced annual, non-elective contributions to the plan on behalf of all eligible participants equal to 3% of participants' eligible

earnings. Remaining annual contributions to the plan are discretionary and are based on fixed percentages of participants' salaries and years of service, not to exceed certain maximums. Contribution expenses were $17.4 million, $16.7 million and $16.8 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Note 12. Income Taxes

We are subject to corporate income taxes in countries where we have operations or subsidiaries. We and the majority of our ship-operating and vessel-owning subsidiaries are currently exempt from U.S. corporate tax on U.S. source income from the international operation of ships pursuant to Section 883 of the Internal Revenue Code. Regulations under Section 883 have limited the activities that are considered the international operation of a ship or incidental thereto. Accordingly, our provision for U.S. federal and state income taxes includes taxes on certain activities not considered incidental to the international operation of our ships.

Additionally, some of our ship-operating subsidiaries are subject to income tax under the tonnage tax regimes of Malta or the United Kingdom. Under these regimes, income from qualifying activities is subject to corporate income tax, but the tax is computed by reference to the tonnage of the ship or ships registered under the relevant provisions of the tax regimes (the "relevant shipping profits"), which replaces the regular taxable income base. Income from activities not considered qualifying activities, which we do not consider significant, remains subject to Maltese or U.K. corporate income tax.

Income tax expense for items not qualifying under Section 883, tonnage taxes and income taxes for the remainder of our subsidiaries was approximately $18.3 million, $20.1 million and $11.1 million and was recorded within Other expense for the years ended December 31, 2017, 2016 and 2015, respectively. In addition, all interest expense and penalties related to income tax liabilities are classified as income tax expense within Other expense.

For a majority of our subsidiaries, we do not expect to incur income taxes on future distributions of undistributed earnings of foreign subsidiaries. Accordingly, no deferred income taxes have been provided for the distribution of these earnings. Where we do expect to incur income taxes on future distributions of undistributed earnings, we have provided for deferred taxes, which we do not consider significant to our operations.

As of December 31, 2017, the Company had Net Operating Losses (“NOLs”) in foreign jurisdictions of $7.5 million. If not utilized, $5.0 million of the NOLs are subject to expiration between 2018 and 2024. The Company has not recognized any benefits related to these NOLs, as all NOLs have full valuation allowances.

Net deferred tax assets and deferred tax liabilities and corresponding valuation allowances related to our operations were not material as of December 31, 2017 and 2016.

We regularly review deferred tax assets for recoverability based on our history of earnings, expectations of future earnings, and tax planning strategies. Realization of deferred tax assets ultimately depends on the existence of sufficient taxable income to support the amount of deferred taxes. A valuation allowance is recorded in those circumstances in which we conclude it is not more-likely-than-not we will recover the deferred tax assets prior to their expiration.

During the third quarter of 2015, the Pullmantur trademark and trade names were impaired. As a result of the impairment, there was no longer a difference between the book and tax basis of the trademark and trade names. During the third quarter of 2015, we reversed the deferred tax liability of $43.4 million and increased the deferred tax asset valuation allowance by $31.4 million, or to 100% of the deferred tax asset balance. The resulting net $12.0 million deferred tax benefit was recorded as part of our income tax provision and was reported within Other expense in our consolidated statements of comprehensive income (loss) for the year ended December 31, 2015. Effective July 31, 2016, we sold 51% of our interest in Pullmantur Holdings. For further information on the sale transaction, refer to Note 1. General.

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Note 13. Changes in Accumulated Other Comprehensive Income (Loss)

The following table presents the changes in accumulated other comprehensive loss by component for the years ended December 31, 2017 and 2016 (in thousands):

	Changes related to cash flow derivative hedges	Changes in defined benefit plans	Foreign currency translation adjustments	Accumulated other comprehensive income (loss)
Accumulated comprehensive loss at January 1, 2015	$(826,026)	$(31,207)	$ (39,761)	$ (896,994)
Other comprehensive (loss) income before reclassifications	(697,671)	3,053	(25,952)	(720,570)
Amounts reclassified from accumulated other comprehensive loss	291,624	1,707	(4,200)	289,131
Net current-period other comprehensive (loss) income	(406,047)	4,760	(30,152)	(431,439)
Accumulated comprehensive loss at January 1, 2016	(1,232,073)	(26,447)	(69,913)	(1,328,433)
Other comprehensive income (loss) before reclassifications	73,973	(2,777)	2,362	73,558
Amounts reclassified from accumulated other comprehensive loss	337,250	1,141	—	338,391
Net current-period other comprehensive income (loss)	411,223	(1,636)	2,362	411,949
Accumulated comprehensive loss at January 1, 2017	(820,850)	(28,083)	(67,551)	(916,484)
Other comprehensive income (loss) before reclassifications	381,865	(6,755)	17,307	392,417
Amounts reclassified from accumulated other comprehensive loss	188,630	1,172	—	189,802
Net current-period other comprehensive income (loss)	570,495	(5,583)	17,307	582,219
Accumulated comprehensive loss at December 31, 2017	$(250,355)	$(33,666)	$ (50,244)	$ (334,265)

The following table presents reclassifications out of accumulated other comprehensive loss for the years ended December 31, 2017 and 2016 (in thousands):

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Details about Accumulated Other Comprehensive Income (Loss) Components	Amount of Loss Reclassified from Accumulated Other Comprehensive Income (Loss) into Income			
	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Affected Line Item in Statements of Comprehensive Income (Loss)
Loss on cash flow derivative hedges:				
Interest rate swaps	(31,603)	(41,480)	(36,401)	Interest expense, net of interest capitalized
Foreign currency forward contracts	(10,840)	(8,114)	(2,871)	Depreciation and amortization expenses
Foreign currency forward contracts	(9,472)	(14,342)	7,580	Other expense
Foreign currency forward contracts	—	(207)	—	Other indirect operating expenses
Foreign currency collar options	(2,408)	(2,408)	(1,605)	Depreciation and amortization expenses
Fuel swaps	7,382	13,685	(9,583)	Other expense
Fuel swaps	(141,689)	(284,384)	(248,744)	Fuel
	(188,630)	(337,250)	(291,624)	
Amortization of defined benefit plans:				
Actuarial loss	(1,172)	(1,141)	(1,414)	Payroll and related
Prior service costs	—	—	(293)	Payroll and related
	(1,172)	(1,141)	(1,707)	
Release of foreign cumulative translation due to sale or liquidation of businesses:				
Foreign cumulative translation	—	—	4,200	Other operating
Total reclassifications for the period	$(189,802)	$(338,391)	$(289,131)	

Note 14. Fair Value Measurements and Derivative Instruments

Fair Value Measurements

The estimated fair value of our financial instruments that are not measured at fair value, categorized based upon the fair value hierarchy, are as follows (in thousands):

Description	Fair Value Measurements at December 31, 2017 Using					Fair Value Measurements at December 31, 2016 Using				
	Total Carrying Amount	Total Fair Value	Level 1[1]	Level 2[2]	Level 3[3]	Total Carrying Amount	Total Fair Value	Level 1[1]	Level 2[2]	Level 3[3]
Assets:										
Cash and cash equivalents[4]	$120,112	$120,112	$120,112	$—	$ —	$132,603	$132,603	$132,603	$—	$ —
Total Assets	$120,112	$120,112	$120,112	$—	$ —	$132,603	$132,603	$132,603	$—	$ —
Liabilities:										
Long-term debt (including	$7,506,312	$8,038,092	$—	$8,038,092	$ —	$9,347,051	$9,859,266	$—	$9,859,266	$ —

current portion of long-term debt)[5]										
Total Liabilities	$7,506,312	$8,038,092	$—	$8,038,092	$ —	$9,347,051	$9,859,266	$—	$9,859,266	$ —

(1) Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.

(2) Inputs other than quoted prices included within Level 1 that are observable for the liability, either directly or indirectly. For unsecured revolving credit facilities and unsecured term loans, fair value is determined utilizing the income valuation approach. This valuation model takes into account

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the contract terms of our debt such as the debt maturity and the interest rate on the debt. The valuation model also takes into account the creditworthiness of the Company.

(3) Inputs that are unobservable. The Company did not use any Level 3 inputs as of December 31, 2017 and December 31, 2016.

(4) Consists of cash and marketable securities with original maturities of less than 90 days.

(5) Consists of unsecured revolving credit facilities, senior notes, senior debentures and term loans. This does not include our capital lease obligations.

Other Financial Instruments

The carrying amounts of accounts receivable, accounts payable, accrued interest and accrued expenses approximate fair value at December 31, 2017 and December 31, 2016.

Assets and liabilities that are recorded at fair value have been categorized based upon the fair value hierarchy. The following table presents information about the Company's financial instruments recorded at fair value on a recurring basis (in thousands):

	Fair Value Measurements at December 31, 2017 Using				Fair Value Measurements at December 31, 2016 Using			
Description	Total Fair Value	Level 1[(1)]	Level 2[(2)]	Level 3[(3)]	Total Fair Value	Level 1[(1)]	Level 2[(2)]	Level 3[(3)]
Assets:								
Derivative financial instruments[(4)]	$320,385	$ —	$320,385	$ —	$19,397	$ —	$19,397	$ —
Investments[(5)]	3,340	3,340	—	—	3,576	3,576	—	—
Total Assets	$323,725	$ 3,340	$320,385	$ —	$22,973	$ 3,576	$19,397	$ —
Liabilities:								
Derivative financial instruments[(6)]	$115,961	$ —	$115,961	$ —	$373,497	$ —	$373,497	$ —
Total Liabilities	$115,961	$ —	$115,961	$ —	$373,497	$ —	$373,497	$ —

(1) Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.

(2) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. For foreign currency forward contracts, interest rate swaps, cross currency swaps and fuel swaps, fair value is derived using valuation models that utilize the income valuation approach. These valuation models take into account the contract terms, such as maturity as well as other inputs, such as foreign exchange rates and curves, fuel types, fuel curves and interest rate yield curves. All derivative instrument fair values take into account the creditworthiness of the counterparty and the Company.

(3) Inputs that are unobservable. The Company did not use any Level 3 inputs as of December 31, 2017 and December 31, 2016.

(4) Consists of foreign currency forward contracts, interest rate swaps and fuel swaps. Please refer to the "Fair Value of Derivative Instruments" table for breakdown by instrument type.

(5) Consists of exchange-traded equity securities and mutual funds reported within Other assets in our consolidated balance sheets.

(6) Consists of foreign currency forward contracts, interest rate swaps and fuel swaps. Please refer to the "Fair Value of Derivative Instruments" table for breakdown by instrument type.

The reported fair values are based on a variety of factors and assumptions. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of December 31, 2017 or December 31, 2016, or that will be realized in the future, and do not include expenses that could be incurred in an actual sale or settlement.
We have master International Swaps and Derivatives Association (“ISDA”) agreements in place with our derivative instrument counterparties. These ISDA agreements provide for final close out netting with our counterparties for all positions in the case of default or termination of the ISDA agreement. We have determined that our ISDA agreements provide us with rights of setoff on the fair value of derivative instruments in a gain position and those in a loss position with the same counterparty. We have elected not to offset such derivative instrument fair values in our consolidated balance sheets.

See Credit Related Contingent Features for further discussion on contingent collateral requirements for our derivative instruments.

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The following table presents information about the Company’s offsetting of financial assets under master netting agreements with derivative counterparties:

	Gross Amounts not Offset in the Consolidated Balance Sheet that are Subject to Master Netting Agreements							
	As of December 31, 2017				As of December 31, 2016			
(In thousands)	Gross Amount of Derivative Assets Presented in the Consolidated Balance Sheet	Gross Amount of Eligible Offsetting Recognized Derivative Liabilities	Cash Collateral Received	Net Amount of Derivative Assets	Gross Amount of Derivative Assets Presented in the Consolidated Balance Sheet	Gross Amount of Eligible Offsetting Recognized Derivative Assets	Cash Collateral Received	Net Amount of Derivative Assets
Derivatives subject to master netting agreements	$320,385	$(104,751)	$ —	$215,634	$19,397	$(19,397)	$ —	$ —
Total	$320,385	$(104,751)	$ —	$215,634	$19,397	$(19,397)	$ —	$ —

The following table presents information about the Company’s offsetting of financial liabilities under master netting agreements with derivative counterparties:

	Gross Amounts not Offset in the Consolidated Balance Sheet that are Subject to Master Netting Agreements							
	As of December 31, 2017				As of December 31, 2016			
(In thousands)	Gross Amount of Derivative Liabilities Presented in the Consolidated Balance Sheet	Gross Amount of Eligible Offsetting Recognized Derivative Assets	Cash Collateral Pledged	Net Amount of Derivative Liabilities	Gross Amount of Derivative Liabilities Presented in the Consolidated Balance Sheet	Gross Amount of Eligible Offsetting Recognized Derivative Liabilities	Cash Collateral Pledged	Net Amount of Derivative Liabilities
Derivatives subject to master netting agreements	$(115,961)	$104,751	$ —	$(11,210)	$(373,497)	$19,397	$7,213	$(346,887)
Total	$(115,961)	$104,751	$ —	$(11,210)	$(373,497)	$19,397	$7,213	$(346,887)

Derivative Instruments
We are exposed to market risk attributable to changes in interest rates, foreign currency exchange rates and fuel prices. We try to mitigate these risks through a combination of our normal operating and financing activities and through the use of derivative financial instruments pursuant to our hedging practices and policies. The financial impact of these hedging instruments is primarily offset by corresponding changes in the underlying exposures being hedged. We

achieve this by closely matching the notional amount, term and conditions of the derivative instrument with the underlying risk being hedged. Although certain of our derivative financial instruments do not qualify or are not accounted for under hedge accounting, our objective is not to hold or issue derivative financial instruments for trading or other speculative purposes.

We enter into various forward, swap and option contracts to manage our interest rate exposure and to limit our exposure to fluctuations in foreign currency exchange rates and fuel prices. These instruments are recorded on the balance sheet at their fair value and the vast majority are designated as hedges. We also use non-derivative financial instruments designated as hedges of our net investment in our foreign operations and investments.

At inception of the hedge relationship, a derivative instrument that hedges the exposure to changes in the fair value of a firm commitment or a recognized asset or liability is designated as a fair value hedge. A derivative instrument that hedges a forecasted transaction or the variability of cash flows related to a recognized asset or liability is designated as a cash flow hedge.

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Changes in the fair value of derivatives that are designated as fair value hedges are offset against changes in the fair value of the underlying hedged assets, liabilities or firm commitments. Gains and losses on derivatives that are designated as cash flow hedges are recorded as a component of Accumulated other comprehensive loss until the underlying hedged transactions are recognized in earnings. The foreign currency transaction gain or loss of our non-derivative financial instruments and the changes in the fair value of derivatives designated as hedges of our net investment in foreign operations and investments are recognized as a component of Accumulated other comprehensive loss along with the associated foreign currency translation adjustment of the foreign operation or investment.
On an ongoing basis, we assess whether derivatives used in hedging transactions are "highly effective" in offsetting changes in the fair value or cash flow of hedged items. We use the long-haul method to assess hedge effectiveness using regression analysis for each hedge relationship under our interest rate, foreign currency and fuel hedging programs. We apply the same methodology on a consistent basis for assessing hedge effectiveness to all hedges within each hedging program (i.e., interest rate, foreign currency and fuel). We perform regression analyses over an observation period of up to three years, utilizing market data relevant to the hedge horizon of each hedge relationship. High effectiveness is achieved when a statistically valid relationship reflects a high degree of offset and correlation between the changes in the fair values of the derivative instrument and the hedged item. The determination of ineffectiveness is based on the amount of dollar offset between the change in fair value of the derivative instrument and the change in fair value of the hedged item at the end of the reporting period. If it is determined that a derivative is not highly effective as a hedge or hedge accounting is discontinued, any change in fair value of the derivative since the last date at which it was determined to be effective is recognized in earnings. In addition, the ineffective portion of our highly effective hedges is immediately recognized in earnings and reported in Other expense in our consolidated statements of comprehensive income (loss).
Cash flows from derivative instruments that are designated as fair value or cash flow hedges are classified in the same category as the cash flows from the underlying hedged items. In the event that hedge accounting is discontinued, cash flows subsequent to the date of discontinuance are classified within investing activities. Cash flows from derivative instruments not designated as hedging instruments are classified as investing activities.
We consider the classification of the underlying hedged item’s cash flows in determining the classification for the designated derivative instrument’s cash flows. We classify derivative instrument cash flows from hedges of benchmark interest rate or hedges of fuel expense as operating activities due to the nature of the hedged item. Likewise, we classify derivative instrument cash flows from hedges of foreign currency risk on our newbuild ship payments as investing activities and derivative instrument cash flows from hedges of foreign currency risk on debt payments as financing activities.

The following table presents information on the Company's cash flows from derivative instruments classified as investing activities in our Consolidated Statements of Cash Flows (in thousands):

	For the Years Ended December 31,		
	2017	2016	2015
Cash received on settlement of derivative financial instruments	$63,777	$110,637	$2,148
Cash paid on settlement of derivative financial instruments	(553)	(323,839)	(180,745)
Cash received (paid) on settlement of derivative financial instruments	$63,224	$(213,202)	$(178,597)

Interest Rate Risk
Our exposure to market risk for changes in interest rates relates to our long-term debt obligations including future interest payments. At December 31, 2017, approximately 57.4% of our long-term debt was effectively fixed as compared to 40.5% as of December 31, 2016. We use interest rate swap agreements to modify our exposure to interest

rate movements and to manage our interest expense.

Market risk associated with our long-term fixed rate debt is the potential increase in fair value resulting from a decrease in interest rates. We use interest rate swap agreements that effectively convert a portion of our fixed-rate debt to a floating-rate basis

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to manage this risk. At December 31, 2017 and December 31, 2016, we maintained interest rate swap agreements on the following fixed-rate debt instruments:

Debt Instrument	Swap Notional as of December 31, 2017 (In thousands)	Maturity	Debt Fixed Rate	Swap Floating Rate: LIBOR plus	All-in Swap Floating Rate as of December 31, 2017
Oasis of the Seas term loan	$ 140,000	October 2021	5.41%	3.87%	5.44%
Unsecured senior notes	650,000	November 2022	5.25%	3.63%	5.05%
	$ 790,000				

These interest rate swap agreements are accounted for as fair value hedges.

Market risk associated with our long-term floating rate debt is the potential increase in interest expense from an increase in interest rates. We use interest rate swap agreements that effectively convert a portion of our floating-rate debt to a fixed-rate basis to manage this risk. At December 31, 2017 and December 31, 2016, we maintained interest rate swap agreements on the following floating-rate debt instruments:

Debt Instrument	Swap Notional as of December 31, 2017 (In thousands)	Maturity	Debt Floating Rate		All-in Swap Fixed Rate
Celebrity Reflection term loan	$381,792	October 2024	LIBOR plus	0.40%	2.85%
Quantum of the Seas term loan	551,250	October 2026	LIBOR plus	1.30%	3.74%
Anthem of the Seas term loan	573,958	April 2027	LIBOR plus	1.30%	3.86%
Ovation of the Seas term loan	726,250	April 2028	LIBOR plus	1.00%	3.16%
Harmony of the Seas term loan [1]	728,373	May 2028	EURIBOR plus	1.15%	2.26%
	$2,961,623				

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(1) Interest rate swap agreements hedging the Euro-denominated term loan for Harmony of the Seas include a EURIBOR zero-floor matching the hedged debt EURIBOR zero-floor. Amount presented is based on the exchange rate as of December 31, 2017.

These interest rate swap agreements are accounted for as cash flow hedges.
The notional amount of interest rate swap agreements related to outstanding debt as of December 31, 2017 and 2016 was $3.8 billion and $4.0 billion, respectively.
Foreign Currency Exchange Rate Risk
Derivative Instruments

Our primary exposure to foreign currency exchange rate risk relates to our ship construction contracts denominated in Euros, our foreign currency denominated debt and our international business operations. We enter into foreign currency forward contracts, collar options and cross currency swap agreements to manage portions of the exposure to movements in foreign currency exchange rates. As of December 31, 2017, the aggregate cost of our ships on order, not including the TUI Cruises' ships on order was approximately $13.3 billion, of which we had deposited $465.7 million as of such date. Approximately 54.0% and 66.7% of the aggregate cost of the ships under construction was exposed to fluctuations in the Euro exchange rate at December 31, 2017 and 2016, respectively. The majority of our foreign currency forward contracts, collar options and cross currency swap agreements are accounted for as cash flow, fair value or net investment hedges depending on the designation of the related hedge.

On a regular basis, we enter into foreign currency forward contracts and, from time to time, we utilize cross-currency swap agreements to minimize the volatility resulting from the remeasurement of net monetary assets and liabilities denominated in a currency other than our functional currency or the functional currencies of our foreign subsidiaries. During the fourth quarter of 2017, we maintained an average of approximately $843.3 million of these foreign currency forward contracts. These instruments

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are not designated as hedging instruments. In 2017, 2016 and 2015 changes in the fair value of the foreign currency forward contracts resulted in a gain (loss) of approximately $62.0 million, $(51.1) million and $(55.5) million, respectively, which offset (losses) gains arising from the remeasurement of monetary assets and liabilities denominated in foreign currencies in those same years of $(75.6) million, $39.8 million and $34.6 million, respectively. These changes were recognized in earnings within Other expense in our consolidated statements of comprehensive income (loss).
We consider our investments in our foreign operations to be denominated in relatively stable currencies and of a long-term nature. As of December 31, 2017, we maintained foreign currency forward contracts and designated them as hedges of a portion of our net investment in TUI cruises of €101.0 million, or approximately $121.3 million based on the exchange rate at December 31, 2017. These forward currency contracts mature in October 2021.
The notional amount of outstanding foreign exchange contracts, including our forward contracts, as of December 31, 2017 and 2016 was $4.6 billion and $1.3 billion, respectively.
Non-Derivative Instruments
We also address the exposure of our investments in foreign operations by denominating a portion of our debt in our subsidiaries' and investments' functional currencies and designating it as a hedge of these subsidiaries and investments. We had designated debt as a hedge of our net investments in TUI Cruises of approximately €246.0 million, or approximately $295.3 million, through December 31, 2017. As of December 31, 2016, we had designated debt as a hedge of our net investments in TUI Cruises of approximately €295.0 million, or approximately $311.2 million.
Fuel Price Risk
Our exposure to market risk for changes in fuel prices relates primarily to the consumption of fuel on our ships. We use fuel swap agreements to mitigate the financial impact of fluctuations in fuel prices.
Our fuel swap agreements are accounted for as cash flow hedges. At December 31, 2017, we have hedged the variability in future cash flows for certain forecasted fuel transactions occurring through 2021. As of December 31, 2017 and 2016, we had the following outstanding fuel swap agreements:

	Fuel Swap Agreements	
	As of December 31, 2017	As of December 31, 2016
	(metric tons)	
2017	—	799,065
2018	673,700	616,300
2019	668,500	521,000
2020	531,200	306,500
2021	224,900	—

	Fuel Swap Agreements		
	As of December 31, 2017	As of December 31, 2016	
	(% hedged)		
Projected fuel purchases for year:			
2017	—	60	%

2018	50 %	44 %
2019	46 %	35 %
2020	36 %	20 %
2021	14 %	— %

At December 31, 2017 and 2016, $23.7 million and $138.5 million, respectively, of estimated unrealized net loss associated with our cash flow hedges pertaining to fuel swap agreements were expected to be reclassified to earnings from Accumulated

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other comprehensive loss within the next 12 months. Reclassification is expected to occur as the result of fuel consumption associated with our hedged forecasted fuel purchases.
The fair value and line item caption of derivative instruments recorded within our consolidated balance sheets were as follows:

	Fair Value of Derivative Instruments					
	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	As of December 31, 2017 Fair Value	As of December 31, 2016 Fair Value	Balance Sheet Location	As of December 31, 2017 Fair Value	As of December 31, 2016 Fair Value
(In thousands)						
Derivatives designated as hedging instruments under ASC 815-20[1]						
Interest rate swaps	Other assets	$ 7,330	$ 5,246	Other long-term liabilities	$ 46,509	$ 57,679
Foreign currency forward contracts	Derivative financial instruments	68,352	—	Derivative financial instruments	—	5,574
Foreign currency forward contracts	Other assets	158,879	—	Other long-term liabilities	6,625	68,165
Fuel swaps	Derivative financial instruments	13,137	—	Derivative financial instruments	38,488	129,486
Fuel swaps	Other assets	51,265	13,608	Other long-term liabilities	13,411	95,125
Total derivatives designated as hedging instruments under ASC 815-20		298,963	18,854		105,033	356,029
Derivatives not designated as hedging instruments under ASC 815-20						
Foreign currency forward contracts	Derivative Financial Instruments	9,945	—	Derivative financial instruments	2,933	—
Foreign currency forward contracts	Other assets	2,793	—	Other long-term liabilities	1,139	—
Fuel swaps	Derivative financial instruments	7,886	—	Derivative financial instruments	6,043	11,532
Fuel swaps	Other assets	798	543	Other long-term liabilities	813	5,936
Total derivatives not designated as hedging instruments under ASC 815-20		21,422	543		10,928	17,468
Total derivatives		$ 320,385	$ 19,397		$ 115,961	$ 373,497

(1) Accounting Standard Codification 815-20 "Derivatives and Hedging."

The carrying value and line item caption of non-derivative instruments designated as hedging instruments recorded within our consolidated balance sheets were as follows:

Non-derivative instrument designated as hedging instrument under ASC 815-20	Balance Sheet Location	Carrying Value As of December 31, 2017	As of December 31, 2016
(In thousands)			
Foreign currency debt	Current portion of long-term debt	$ 70,097	$ 61,601
Foreign currency debt	Long-term debt	225,226	249,624
		$ 295,323	$ 311,225

The effect of derivative instruments qualifying and designated as hedging instruments and the related hedged items in fair value hedges on the consolidated statements of comprehensive income (loss) was as follows:

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Derivatives and Related Hedged Items under ASC 815-20 Fair Value Hedging Relationships (In thousands)	Location of Gain (Loss) Recognized in Income on Derivative and Hedged Item	Amount of Gain (Loss) Recognized in Income on Derivative		Amount of Gain (Loss) Recognized in Income on Hedged Item	
		Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Interest rate swaps	Interest expense, net of interest capitalized	$3,007	$ 7,448	$—	$ 7,203
Interest rate swaps	Other expense	(3,139)	(3,625)	6,065	5,072
		$(132)	$ 3,823	$6,065	$ 12,275

The effect of derivative instruments qualifying and designated as cash flow hedging instruments on the consolidated financial statements was as follows:

Derivatives under ASC 815-20 Cash Flow Hedging Relationships (In thousands)	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives (Effective Portion)		Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Income (Effective Portion)		Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness testing)	
	Year Ended December 31, 2017	Year Ended December 31, 2016		Year Ended December 31, 2017	Year Ended December 31, 2016		Year Ended December 31, 2017	Year Ended December 31, 2016
Interest rate swaps	$(13,312)	$(31,049)	Interest expense	$(31,603)	$(41,480)	Other expense	$—	$ —
Foreign currency forward contracts	276,573	(51,092)	Depreciation and amortization expenses	(10,840)	(8,114)	Other expense	131	—
Foreign currency forward contracts	—	—	Other expense	(9,472)	(14,342)	Other expense	—	(59)
	—	—		—	(207)	Other expense	—	—

Foreign currency forward contracts			Other indirect operating expenses					
Foreign currency collar options	—	—	Depreciation and amortization expenses	(2,408)	(2,408)	Other expense	—	—
Fuel swaps	—	—	Other expense	7,382	13,685	Other expense	—	—
Fuel swaps	118,604	156,139	Fuel	(141,689)	(284,384)	Other expense	2,738	(751)
	$381,865	$73,998		$(188,630)	$(337,250)		$2,869	$ (810)

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The effect of non-derivative instruments qualifying and designated as net investment hedging instruments on the consolidated financial statements was as follows:

Non-derivative instruments under ASC 815-20 Net Investment Hedging Relationships	Amount of Gain (Loss) Recognized in Other Comprehensive Income (Effective Portion)		Location of Gain (Loss) in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Year Ended December 31, 2017	Year Ended December 31, 2016		Year Ended December 31, 2017	Year Ended December 31, 2016
(In thousands)					
Foreign Currency Debt	$(38,971)	$ 20,295	Other expense	$ —	$ —
	$(38,971)	$ 20,295		$ —	$ —

The effect of derivatives not designated as hedging instruments on the consolidated financial statements was as follows:

Derivatives Not Designated as Hedging Instruments under ASC 815-20	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income on Derivatives	
		Year Ended December 31, 2017	Year Ended December 31, 2016
(In thousands)			
Foreign currency forward contracts	Other expense	$ 61,952	$ (51,029)
Fuel swaps	Other expense	(1,133)	(1,000)
		$ 60,819	$ (52,029)

Credit Related Contingent Features
Our current interest rate derivative instruments may require us to post collateral if our Standard & Poor's and Moody's credit ratings are below specified levels. Specifically, if on the fifth anniversary of executing a derivative instrument or on any succeeding fifth-year anniversary our credit ratings for our senior unsecured debt were to be rated below BBB- by Standard & Poor's and Baa3 by Moody's, then the counterparty may periodically demand that we post collateral in an amount equal to the difference between (i) the net market value of all derivative transactions with such counterparty that have reached their fifth year anniversary, to the extent negative, and (ii) the applicable minimum call amount.

The amount of collateral required to be posted following such event will change as, and to the extent, our net liability position increases or decreases by more than the applicable minimum call amount. If our credit rating for our senior unsecured debt is subsequently equal to, or above BBB- by Standard & Poor's or Baa3 by Moody's, then any collateral posted at such time will be released to us and we will no longer be required to post collateral unless we meet the collateral trigger requirement at the next fifth-year anniversary. At December 31, 2017, four of our interest rate derivative instruments had reached their fifth anniversary; however, our senior unsecured debt credit rating was BBB- by Standard & Poor's and Baa3 by Moody's and, accordingly, we were not required to post any collateral as of such date. As of December 31, 2016, two of our interest rate derivative instruments had reached their fifth anniversary. As our unsecured debt credit rating at December 31, 2016 was below BBB-/Baa3, we had posted $7.2 million in collateral as of such date. Consistent with the provisions of our interest rate derivatives instruments, all collateral that was posted with our counterparties was returned upon reaching investment grade.

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Note 15. Commitments and Contingencies
Ship Purchase Obligations
Our future capital commitments consist primarily of new ship orders. As of December 31, 2017, we had two Quantum-class ships, two Oasis-class ships and two ships of a new generation of ships, known as our Icon-class, on order for our Royal Caribbean International brand with an aggregate capacity of approximately 30,500 berths. Additionally, as of December 31, 2017, we have four ships of a new generation of ships, known as our Edge-class, and a ship designed for the Galapagos Islands on order for our Celebrity Cruises brand with an aggregate capacity of approximately 11,700 berths. The following provides further information on recent developments with respect to our ship orders.
During the second quarter of 2017, we entered into agreements with Meyer Turku to build two Icon-class ships. Subsequently, in October 2017, we entered into credit agreements for the unsecured financing of these ships for up to 80% of each ship’s contract price. For each ship, the official Finnish export credit agency, Finnvera, plc, has agreed to guarantee 100% of a substantial majority of the financing to the lenders, with a smaller portion of the financing to be 95% guaranteed by Euler Hermes, the official German export credit agency. The maximum loan amount under each facility is not to exceed €1.4 billion, or approximately $1.7 billion, based on the exchange rate at December 31, 2017. Interest on approximately 75% of each loan will accrue at a fixed rate of 3.56% and 3.76% for the first and the second Icon-class ships, respectively, and the balance will accrue interest at a floating rate ranging from LIBOR plus 1.10% to 1.15% and LIBOR plus 1.15% to 1.20% for the first and the second Icon-class ships, respectively. Each loan will amortize semi-annually and will mature 12 years following delivery of each ship. The first and second Icon-class ships will each have a capacity of approximately 5,650 berths and are expected to enter service in the second quarters of 2022 and 2024, respectively.

In July 2017, we entered into credit agreements for the unsecured financing of the third and fourth Edge-class ships and the fifth Oasis-class ship for up to 80% of each ship’s contract price through facilities to be guaranteed 100% by Bpifrance Assurance Export, the official export credit agency of France. Under these financing arrangements, we have the right, but not the obligation, to satisfy the obligations to be incurred upon delivery and acceptance of each ship under the shipbuilding contract by assuming, at delivery and acceptance, the debt indirectly incurred by the shipbuilder during the construction of each ship. The maximum loan amount under each facility is not to exceed €684.2 million in the case of the third Edge-class ship and the United States dollar equivalent of €714.6 million and €1.1 billion in the case of the fourth Edge-class ship and fifth Oasis-class ship, or approximately $857.9 million and $1.3 billion, respectively, based on the exchange rate at December 31, 2017. The loans will amortize semi-annually and will mature 12 years following delivery of each ship. Interest on the loans will accrue at a fixed rate of 1.28% for the third Edge-class ship and at a fixed rate of 3.18% for both, the fourth Edge-class ship and the fifth Oasis-class ship. The third and fourth Edge-class ships, each of which will have a capacity of approximately 2,900 berths, are expected to enter service in the fourth quarters of 2021 and 2022, respectively. The fifth Oasis-class ship will have a capacity of approximately 5,450 berths and is expected to enter service in the second quarter of 2021.

In September 2017, we entered into an agreement to purchase a ship for our Azamara Club Cruises brand. The sale is expected to be completed with the delivery of the ship scheduled for March 2018.

During 2016, we entered into credit agreements for the unsecured financing of our first two Edge-class ships for up to 80% of each ship’s contract price through facilities to be guaranteed 100% by COFACE, the official export credit agency of France. The ships will each have a capacity of approximately 2,900 berths and are expected to enter service in the fourth quarter of 2018 and the first half of 2020, respectively. Under these financing arrangements, we have the right, but not the obligation, to satisfy the obligations to be incurred upon delivery and acceptance of each vessel under the shipbuilding contract by assuming, at delivery and acceptance, the debt indirectly incurred by the

shipbuilder during the construction of each ship. The maximum loan amount under each facility is not to exceed the United States dollar equivalent of €622.6 million and €627.1 million, or approximately $747.4 million and $752.8 million, respectively, based on the exchange rate at December 31, 2017, for the first Edge-class ship delivery and the second Edge-class ship

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delivery, respectively. The loans will amortize semi-annually and will mature 12 years following delivery of each ship. Interest on the loans will accrue at a fixed rate of 3.23%.
As of December 31, 2017, the aggregate cost of our ships on order, not including any ships on order by our Partner Brands, was approximately $13.3 billion, of which we had deposited $465.7 million as of such date. Approximately 54.0% of the aggregate cost was exposed to fluctuations in the Euro exchange rate at December 31, 2017. Refer to Note 14. Fair Value Measurements and Derivative Instruments for further information.
Litigation
We are routinely involved in claims typical within the cruise vacation industry. The majority of these claims are covered by insurance. We believe the outcome of such claims, net of expected insurance recoveries, will not have a material adverse impact on our financial condition or results of operations and cash flows.
Operating Leases
We are obligated under other noncancelable operating leases primarily for offices, warehouses and motor vehicles. As of December 31, 2017, future minimum lease payments under noncancelable operating leases were as follows (in thousands):

Year	
2018	$29,420
2019	24,077
2020	20,113
2021	13,005
2022	9,639
Thereafter	145,214
	$241,468

Total expense for all operating leases amounted to $29.3 million, $29.0 million and $29.7 million for the years 2017, 2016 and 2015, respectively.
Other
In July 2016, we executed an agreement with Miami Dade County (“MDC”), which was simultaneously assigned to Sumitomo Banking Corporation (“SMBC”), to lease land from MDC and construct a new cruise terminal at PortMiami in Miami, Florida. The terminal is expected to be approximately 170,000 square-feet and will serve as a homeport. During the construction period, SMBC will fund the costs of the terminal’s construction and land lease. Upon completion of the terminal's construction, we will operate and lease the terminal from SMBC for a five-year term. We determined that the lease arrangement between SMBC and us should be accounted for as an operating lease upon completion of the terminal.

Some of the contracts that we enter into include indemnification provisions that obligate us to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes, increased lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and are entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses and we are not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. We have not been required to make any payments under such indemnification clauses in the past and, under current circumstances, we do not believe an indemnification in any material amount is probable.

If any person acquires ownership of more than 50% of our common stock or, subject to certain exceptions, during any 24-month period, a majority of the Board is no longer comprised of individuals who were members of the Board on the first day of such period, we may be obligated to prepay indebtedness outstanding under our credit facilities,

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which we may be unable to replace on similar terms. Our public debt securities also contain change of control provisions that would be triggered by a third-party acquisition of greater than 50% of our common stock coupled with a ratings downgrade. If this were to occur, it would have an adverse impact on our liquidity and operations.
At December 31, 2017, we have future commitments to pay for our usage of certain port facilities, marine consumables, services and maintenance contracts as follows (in thousands):

Year	
2018	$214,444
2019	152,345
2020	130,225
2021	87,748
2022	62,255
Thereafter	232,189
	$879,206

Note 16. Quarterly Selected Financial Data (Unaudited)

	(In thousands, except per share data)							
	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2017	2016	2017	2016	2017	2016	2017	2016
Total revenues[1]	$2,008,560	$1,917,795	$2,195,274	$2,105,262	$2,569,544	$2,563,741	$2,004,467	$1,909,603
Operating income	$279,522	$163,127	$419,697	$282,273	$737,488	$734,963	$307,349	$296,842
Net income[2]	$214,726	$99,140	$369,526	$229,905	$752,842	$693,257	$288,039	$261,086
Earnings per share:								
Basic	$1.00	$0.46	$1.72	$1.07	$3.51	$3.23	$1.35	$1.22
Diluted	$0.99	$0.46	$1.71	$1.06	$3.49	$3.21	$1.34	$1.21
Dividends declared per share	$0.48	$0.375	$0.48	$0.375	$0.60	$0.48	$0.60	$0.48

(1) Our revenues are seasonal based on the demand for cruises. Demand is strongest for cruises during the Northern Hemisphere's summer months and holidays.

(2) Amount for the first quarter of 2016 includes $21.7 million net loss related to the elimination of the Pullmantur reporting lag.