INSIDE VIEW:

THREE STRENGTHS OF NORWEGIAN PEARL

A CONVERSATION WITH LARS BENGTSSON CAPTAIN OF NORWEGIAN PEARL

by

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The Caribbean was bathed in sunshine. However, a deep swell had developed overnight and while the passengers aboard Norwegian Pearl were enjoying their day at sea, Captain Lars Bengtsson was concerned. The ship was en route to Norwegian Cruise Line's private island in the Bahamas, Great Stirrup Cay, where passengers go ashore via large tenders that ferry them to and from the resort.

"If the sea conditions are like this tomorrow morning, we won't be able to make it,"
Captain Bengtsson said looking out the floor-toceiling windows on the ship's bridge. "Then, of
course, people think that we should go to Nassau.
But Nassau is full on Fridays and one of them is
Oasis of the Seas and she takes two berths. So, we
have no option. If we can't go to the island, we
have to cancel because there is nowhere else to
go."

As it happened, the swell did subside and the ship was able to call at Great Stirrup Cay as scheduled. However, the incident highlights the fact that there are numerous cruise ships sailing the Caribbean/Bahamas, especially in the winter. Indeed, for some ports "you have to book [a berth] three or four years in advance."

When asked why people should select Norwegian Pearl for their cruise vacations over the other ships prowling the Caribbean, Captain Bengtsson cited three reasons.

The Ability To be Your Own Boss

The first reason cited by Captain Bengtsson was: "We have the Freestyle concept, which according to my belief, is coming more and more."

Captain Bengtsson is very familiar with the Freestyle concept. "I was there when it started." Before coming to NCL, he commanded ships for NCL's parent company, Star Cruises, which operates in Asia. Asian passengers did not like the traditional cruise ship system of having an assigned time and table for dinner. Consequently, Star developed the idea of allowing passengers to decide when and where to eat. Star brought the idea to NCL when it purchased the line and NCL has developed and refined the concept.

"I think people are getting more and more into it. They want to eat when they are hungry, not at 8:30 at Table 28 for a whole week. You can eat

when you want."

"People want to do their things when they want themselves; not in a regimented way. Of course, you can't do anything you like but you are free to do things when you want, not when someone tells you you can."

"We get people who do not like Freestyle -- that is inevitable - - but the big majority enjoys it. We see that in our Latitudes members - - our repeat passengers - - who come back again and again and

again."

"It is also gaining ground at other lines. You also see our competitors putting in specialty restaurants and so on, which we have been doing for a long time"

"I think that is our strength."

A Friendly Ship

orwegian Pearl's second competitive advantage is: "We have quite a friendly crew. If you treat them like human beings, they behave like human beings. I have 65 different nationalities onboard - - different cultures, different beliefs, different traditions. But if you still treat them like human beings, they will respond that way."

This philosophy is at the core of Captain Bengtsson's style of command. "We are all different. We have different management styles. I am not really into sitting on top of the players. When they have gained my confidence, I'll let them get on with it. If they are unsure, then they come and

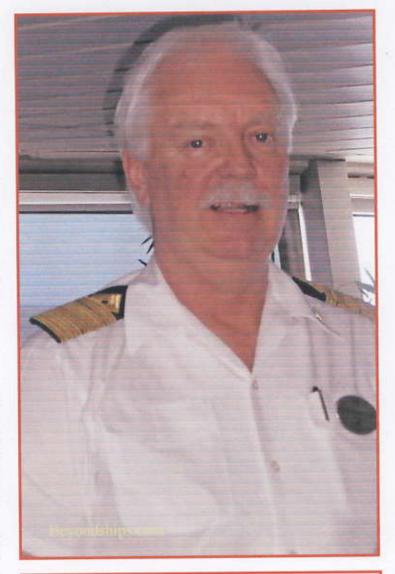
ask me."

As master of the ship, Captain Bengtsson is not just responsible for driving the ship but is in charge of the entire operation. The heads of the deck department, the engineering department and

the hotel all report to him.

"They have their areas of responsibility. To be quite honest, I cannot run the hotel operation because that is not my [area of expertise]. Of course, I keep my eye out and I see if it is working or do we have problems somewhere - - then I have to interfere. But if there are no problems that I am told about, I leave them to do what they are supposed to do."

Good communications is key to this management system and Norwegian Pearl is set up to facilitate such communication. For example, the Captain shares an office with the ship's Chief



Captain Lars Bengtsson

Engineer. The office is located just behind the bridge and has a large picture window looking out onto the bridge.

"It gives me a much better idea of the technical operation because I see the Chief Engineer face-to-face many hours a day. I get the information about what is going on."

A Superior Design

Norwegian Pearl's third strength is that: "She is a nice ship." Indeed from a nautical perspective there is much to admire about the Pearl.

To begin, she was built with a deeper draft than most cruise ships. "Eight and a half meters - that gives her stability."

She is also equipped with the new azipod



propulsion system. The ship's propellers are on two large casing called pods that are suspended below the stern. The pods can be turned 360 degrees so that the force of the propellers can be directed in any direction. "From my point of view, they are excellent, absolutely excellent. You get much better maneuverability. A big ship like this can go in wherever you like more or less as long as you have water under the keel."

Unlike traditional ship propellers, the propellers on the azipods face forward and are mounted on the front of the pods. They pull the ship through the water like the propellers on an airplane pull the plane through the sky. "You get much better flow of the water; you get less disturbance. The other way, the actual pod itself would disturb the water [before it reached the propeller]. This way, it comes straight under the hull, straight into the props and the disturbance is after." The net result is that the propellers propel the ship more efficiently through the water.

The Pearl was also built so that she can go faster than most cruise ships. "We can do 25 knots. Today, ships are rarely built, as far as I know, with a maximum speed of over 22 knots."

This gives the Pearl at least two advantages. First, it gives the cruise line more flexibility in deciding how to deploy the ship. A slower ship has

to be deployed close to the popular cruising areas or else too much of the passengers' time onboard will be taken up getting to and from the popular destinations. A faster ship can be deployed further away, closer to the passengers' homes. For example, Pearl's sister ship Norwegian Gem has spent the last few winters based in New York but still sailing to the Caribbean.

The second advantage of more speed is that it gives the ship a greater ability to avoid bad weather and to handle such weather if she does encounter it.

Still, this does not mean that the Pearl spends her time racing around the Caribbean or to Alaska. She has the speed if she needs it or if NCL decides to deploy her on itineraries that require greater speed. Her current itineraries only call for an average speed of 21 knots.

"We have the ability to do 25 knots but it does not mean that we have to operate at that speed. I can run this one on three engines and do 21 knots - - 2.7 tons of fuel per hour per engine. If I start up the fourth engine, I gain four knots but I burn 12.7 tons more an hour. With the fuel prices today, if I had to operate on full blast, we would probably have to raise the ticket price quite considerably to cover the fuel price."