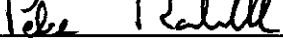


June 22, 1998

James Brady
Superintendent
Glacier Bay National Park and Preserve
Attention: Division of Concession Program Management
P. O. Box 140
Gustavus, AK 99826

Dear Mr. Brady:

We hereby offer to provide cruise ship and services at Glacier Bay National Park & Preserve, in accordance with the terms and conditions as specified in your Prospectus and to execute the draft permit contained in the Prospectus without substantive modification (except as may be required by NPS pursuant to the terms of the Prospectus and/or inclusion of items from the selected offer which are beneficial to the government). We are enclosing the required "APPLICATION" which, by this reference, is made a part hereof. We certify that the information furnished herewith is true to the best of our knowledge and belief. In addition, we agree to complete the execution of the Concession Permit within fifteen working days after it is presented by the National Park Service.

BY:  JUNE 19, 1998
Peter G. Ratcliffe Date

TITLE: President

ADDRESS: Princess Cruises, Inc.
10100 Santa Monica Blvd.
Los Angeles, CA 90067

CERTIFICATE OF CORPORATE OFFICER

I, Anthony H. Kaufman certify that I am the Secretary of the corporation named as Offeror herein; that Peter G. Ratcliffe, who signed this proposal on behalf of the Offeror, was then President of said corporation; that said proposal was duly signed for and in behalf of the corporation by authority of its governing body within the scope of its corporate powers.


Anthony H. Kaufman, Secretary

National Park Service Note

**The Following items are not included in this NPS release of:
Princess Cruises, Inc. Proposal for Cruise Ship Services 2000-2004**

Materials generally available to the public or which repeats information included (available on request):

Attachment 6.A.1&2: Records related to Marine Casualties, Violation Notices and Food Service Sanitation (32 pages)

Attachment 7.A: Financial Records Balance Sheets and Statements (7 pages)

Attachment 7.A: P&O Annual Report and Accounts 1997 (64 pages)

PRINCESS CRUISES, INC.

**Application
for
CONCESSION PERMITS
for
The Operation of Cruise Ship Services Within
GLACIER BAY NATIONAL PARK & PRESERVE
Submitted June 22, 1998**

PRINCIPAL FACTOR 1. THE EXPERIENCE AND RELATED BACKGROUND OF THE OFFEROR.

CRITERION IA. (1) THE COMPETENCE OF THE OFFEROR, AS REFLECTED IN THE APPLICATION, TO MANAGE AND OPERATE A CRUISE SHIP BUSINESS SIMILAR TO THAT DEFINED IN THE PROSPECTUS. (2) THE ENTITY WITH WHICH NPS WILL CONTRACT AND ITS RELATIONSHIP TO SUPERIOR AND SUBORDINATE ENTITIES IS CLEARLY DEFINED.

1. Identify the "OFFEROR" (or "PROPOSED ENTITY(S)," that the offeror intends to establish for the purpose of operating this concession) making this application. Clearly identify both the formal structure of the primary business ENTITY with which the National Park Service will be dealing, and its owner(s).

The "OFFEROR" making this application, and the primary business entity with which the National Park Service will be dealing is Princess a Cruises, Inc., a California corporation (PCI). PCI is a wholly-owned subsidiary of The Peninsular and Oriental Steam Navigation Company, a company organized under the Laws of England ("P&O"). P&O is a publicly held company whose shares are traded on the London stock exchange and various other international stock exchanges.

The current contact for Princess Cruises is as follows:

10100 Santa Monica Boulevard
18th Floor
Los Angeles, CA 90067
Telephone: (310) 553-1770
Peter G. Ratcliffe, President

2. Provide materials to explain the financial circumstances, legal form, and ownership of that ENTITY.

PCI was incorporated in the state of California on April 7, 1959. The general financial circumstances of PCI and P&O is reflected in P&O's Annual Report and Accounts, a copy of which is being submitted with this application. The financial circumstances of PCI and P&O are more fully addressed in Section 7A of this application.

3. Identify related, subordinate, and superior ENTITIES and any other organization, ENTITY, contractor, or subcontractor that will have a role in managing, directing, operating, or otherwise carrying out the service to be provided.

In addition to the role of PCI as described above, the other entity that will have a role in managing, directing, operating or otherwise carrying out the services to be provided is Princess Cruise Lines, Inc., ("PCLI"). PCLI is a cruise ship operator and is also a wholly-owned subsidiary of P&O. PCI provides certain administrative assistance and support to this cruise ship operator. (PCI and PCLI are collectively hereafter sometimes referred to as "Princess Cruises").

4. Where there are layers of Entities, subordinate or superior entities, significant contractors/subcontractors, or other organizations or individuals that will act in concert to provide the services required, describe each of them and the relationship between or among them.

PCLI, the ship operator, as described in item 3 of this section, is the only other entity that could be considered to act in concert with PCI to provide the services related to the concession in a significant way. PCI and PCLI are related companies due to each being wholly-owned subsidiaries of P&O.

5. Using the format and instructions on the next page (duplicate the form as needed) identify the Offeror, each ENTITY, the New Concessioner, and the Operator and all similarly involved parties or people. Add information as necessary to make the relationships clear.

5. OFFEROR, ENTITY, NEW CONCESSIONER, OPERATOR IDENTIFICATION FORM

(Enter the name of the person submitting the offer; The concession permit would be issued to this person)

Entity Name:	Princess Cruises, Inc.
Address:	c/o Princess Cruises 10100 Santa Monica Boulevard 18 th Floor
Contact Person:	Los Angeles, California 90067
Telephone Number:	Peter G. Ratcliffe, President
FAX Number:	(310) 553-1770
E-Mail Address:	(310) 277-6175
	Not Applicable

Form of business: Corporation

Corporation
 Partnership
 Individual(Sole proprietor)
 Other (Explain)

Describe the expected role in providing this concession service:

PCI will be responsible for certain support and administration of the concession service and permit.

Structure of the Business:

PCI is a California Corporation, and a wholly-owned subsidiary of P&O.

Ownership:**Names and Address of Owners:**

PCI is a wholly-owned subsidiary of The Peninsular and Oriental Steam Navigation Company, Peninsular House, 79 Pall Mall, London, 5W1Y 5EJ.

Percentage of Ownership: 100%

Total Value of Investment: as described under Section 7A with related information set forth in P&O's Annual Report and Accounts submitted with this application.

5. OFFEROR, ENTITY, NEW CONCESSIONER, OPERATOR IDENTIFICATION FORM

(Enter the name of the person submitting the offer; The concession permit would be issued to this person)

Entity Name:	Princess Cruises Lines, Inc.
Address:	c/o Princess Cruises 10100 Santa Monica Boulevard 18 th Floor Los Angeles, California 90067
Contact Person:	Peter G. Ratcliffe, President
Telephone Number:	(310) 553-1770
FAX Number:	(310) 277-6175
E-Mail Address:	Not Applicable

Form of business: Corporation

Corporation
 Partnership
 Individual(Sole proprietor)
 Other (Explain)

Describe the expected role in providing this concession service:

PCLI will be responsible for certain activities, services and operations of the cruise ship involved in the concession.

Structure of the Business:

PCLI is a Liberian corporation, and a wholly-owned subsidiary of P&O.

Ownership:

Names and Address of Owners:

PCLI is a wholly-owned subsidiary of The Peninsular and Oriental Steam Navigation Company, Peninsular house, 79 Pall Mall, London, 5W1Y 5EJ.

Percentage of Ownership: 100%

Total Value of Investment: as described under Section 7A with related information set forth in P&O's Annual Report and Accounts submitted with this application.

ANILCA Section 1307 Preferred Operator

Refer to the ANILCA Section 1307 regulations in the appendix to answer the following questions:

6. Is the entity making this offer a local resident, as defined in 36 CFR 13.81(f), for the services offered under this prospectus? If yes, provide documentation to support this determination, as described in these regulations.

Yes

No

7. Are you applying for "most directly affected Native corporation" status, as defined in 36 CFR 13.85? If yes, provide the documentation to support this determination, as described in these regulations.

Yes

No

Preference for New and Small Operators

8. Do you provide cruise ship services within Glacier Bay National Park under a current limited permit with the National Park Service?

Yes

No

9. If yes, does the number of cruise ship entries from June 1 to August 31 exceed 19 entries (14 percent of 139 cruise ship entries allocated for Glacier Bay from June 1 August 31)?

Yes

No

³ Answers will be used by the NPS to help identify offers from new prospective cruise ship concessioners or existing operators which have been allocated less than 14% of the available entries into Glacier Bay. Responsive offers from any qualified entity with less than 14% of the available entries (<14% offeror) will receive additional consideration during the selection process. If two or more offers, where at least one or more is a <14% offeror, are determined to be substantially equal offers by the NPS, additional consideration will be given to any <14% offeror in the selection process.

This policy is to "favor" new prospective concessioners or existing operators with less than 14% of the available entries. The policy is not meant to circumvent the established selection process contained in 36 CFR 51. Therefore, an offer which is determined by the NPS to best meet the overall objectives of the National Park Service will be selected. This selection criteria favors more rather than fewer cruise ships operators in compliance with the Glacier Bay Cruise Ship Management Plan (see business opportunity section, "preferences")- At such time as at least seven concessioners (separate ownership and control) are in operation, the policy will be reconsidered.

10. Do any of the above have operations or interest in other operations in areas adjacent to this national park areas or operations in other national parks? If Yes, please identify.

Yes

No

Princess Cruises has extensive operations surrounding Glacier Bay National Park and in the Southeast Alaska communities of Juneau, Sitka, Ketchikan, and Skagway. Princess provides transportation, sightseeing and interpretive services throughout Alaska.

Princess has worked closely in the past with Klondike Gold Rush National Historic Park officials in Skagway to insure that interpretive materials are provided to passengers visiting Skagway on shore excursions.

Princess owns and operates two wilderness lodges near Denali National Park. The Denali Princess Lodge is located near the Park entrance. Last year the Mt. McKinley Princess Lodge opened near the southern boundary of the Park. This is the first major development in the South Denali area and serves to anchor the efforts of NPS and the State of Alaska to foster development of South Denali as an alternative for visitors to Denali, and to reduce pressure on the area near the Park entrance.

Nearly half of Princess' passengers extend their cruise vacation with a land tour into Alaska. They visit, among other things Denali National Park. In an effort to reduce pressure on the traditional long tour into the Park, Princess worked with the NPS and the tour concessionaire to develop a shorter tour, the "Natural History Tour". Now, nearly half of our land tour passengers choose this short Natural History Tour. Princess was the first to offer and promote this short tour, which allows more visitors to experience Denali with less impact on the Park.

Princess formed a partnership in 1997 with Denali National Park to provide an interpretive program at the new Mt. McKinley Princess Lodge. Princess provided financial support and facilities for NPS interpreters to make regular presentations on the natural history of the South Denali area and the National Park. This year the program will also include Denali State Park interpreters, as the Lodge is located within the boundaries of Denali State Park.

Princess owns and operates a third wilderness Lodge, the Kenai Princess Lodge, located on the Kenai Peninsula. The Lodge overlooks the Kenai River at Cooper Landing, near Kenai Lake.

Princess offers excursions to Kenai Fjords National Parks aboard sightseeing vessels departing from Seward. These excursions are available to passengers before or after cruises to or from Seward. They are also offered to land tour clients as one of their excursions from the Kenai Princess Lodge.

Princess also offers opportunities for passengers to visit the U.S. Virgin Islands National Park on St. John Island. Princess features excursions to the Park to passengers during calls at St. Thomas. Passengers are transported to St. John by ferry and spend 2-3 hours touring the Park. The visit affords passengers a chance to experience the natural beauty of the Park, and has become a popular optional feature of many Caribbean cruises.

Princess worked closely with the Superintendent of USVINP to craft the agreement, recently finalized, which establishes a cruise passenger fee policy. This agreement addresses the need for USVINP to generate revenue to help cover the necessary expenses related to protection of the Park's values and resources. At the same time, this agreement helps to insure that cruise passengers have the opportunity to experience the Park.

11. The NPS is looking for an ENTITY that has demonstrated experience in managing this type of business activity. Give specific examples of business operations undertaken by ENTITY. Detail the OFFEROR's experience and skills in developing efficient, effective, defined, targeted goals for business programs according to pre-established management parameters.

Princess has a long history of successful cruise ship operations in Glacier Bay. For over thirty-five years, Princess has provided the opportunity for visitors to Alaska to enjoy the extraordinary natural history of Glacier Bay and Alaska's Inside Passage. Princess has worked with the Glacier Bay National Park staff to enhance and refine the interpretive program to insure a rewarding and informative experience to these visitors.

Princess has contracted for the purchase of nine new cruise ships since 1990. Four of these new ships, and two more to be delivered in 1998 and 1999, will be committed to Alaska. If entries are available, these new ships will call in Glacier Bay.

Princess has designed and built four hotel properties in Alaska in the past ten years, including three wilderness lodges located near National Parks.

Princess' rail division has commissioned and taken delivery of 8 domed rail cars and Princess owns and operates a fleet of over 250 vehicles statewide.

Management programs developed by Princess include:

- **PLANET PRINCESS**, a comprehensive environmental management program which emphasizes a combination of technology and training for both passengers and employees. This program is now recognized as the best cruise line program of its kind, and one of the finest in the entire travel industry.

- **LOVE BOAT ACCESS**, offering shipboard access, including cabins built to ADA standards, to more disabled passengers than any other cruise line in Alaska. The program extends ashore, with accessible motorcoaches, vans, private rail cars and wilderness lodges. LOVE BOAT ACCESS clearly establishes Princess in the vanguard of maintaining accessibility.
- **SHEW Committees**, established by Princess to expand on the traditional safety committee. SHEW, which stands for Safety, Health, Environment, and Welfare, is a critical element of the Princess approach to business practices. Each ship, division, and property location conducts a monthly meeting. Agendas for these meetings are standardized throughout the company. Particular emphasis is given to environmental issues. The approach focuses on the connection between and among safety, health and sanitation and environmentally responsible practices
- **C.R.U.I.S.E.**, (Courtesy, Respect, Unfailing In Service Excellence) was developed by Princess to insure the highest standards of guest satisfaction. The program places emphasis on employee participation in the elimination of obstacles to providing consistently excellent service. This can involve innovations in technology as well as systems and procedures.

12. Describe the business management qualifications and experience of the ENTITY and the NEW CONCESSIONER proposed to manage and operate this business.

Princess Cruises is one of the world's largest cruise lines and a pioneer in the Alaska cruise and tour market. Since Princess began operations in 1962, we have been bringing passengers to Alaska to experience its vast natural beauty. From these first cruises in Alaska, Princess' fleet has grown to nine ships calling on over 200 ports worldwide.

These various itineraries include visits to environmentally sensitive areas worldwide. In addition to Glacier Bay and coastal and inland areas of Alaska, they include:

- Costa Rica, including land tours to rainforests such as the Carrara Biological Reserve, Quetzal, and Valle Escondido. A tour to Poas Volcano National Park. A variety of offerings from San Jose including river rafting, birdwatching or rainforest trekking. The wide variety of offerings is designed to keep the size of each group small to minimize impacts.

- Panama, including Gatun Lake.
- South America, including Cape Horn and the Beagle Channel (including Tierra del Fuego National Park), the Strait of Magellan (including excursions to Torres del Paine National Park) Seno Eyre (Chilean Fjords), and wildlife preserves near Puerto Madryn, Argentina.
- Australia/New Zealand, including the Great Barrier Reef and rainforests near Cairns in Australia and the Bay of Islands, Fjordland National Park (New Zealand).
- Africa, including land tours to Kruger National Park, Victoria Falls, and Chobe National Park (South Africa); Amboseli National Park, Tsavo National Park, Maasai Mara Game Reserve, and Samburu/Shaba National Reserves (Kenya); Serengeti National Park (Tanzania); Walvis Bay (Namibia).

Princess Cruises is able to offer such a wide array of destinations because of its financial strength and steady growth over the past decade. From 1989 to 1998, the company more than tripled in size. By 2000, we will have added three new ships to the Princess fleet and increase the number of passengers we carry, worldwide, each year to more than 680,000.

Committed to Alaska

Despite this consistent growth and the strength of Princess' operations, we remain committed to Alaska as one of our primary destinations. Princess currently has six ships deployed in Alaska, offering more passenger berths than any other line.

The commitment extends well beyond the significant deployment of cruise ships. Princess has invested over \$120 million in facilities and capital equipment to support Alaska's tourism infrastructure and has the added benefit of employment and other benefits to Alaska's economy.

It is noteworthy that Princess is committed to offering Alaska vacations that include both a cruise and a land tour. We call these cruisetours. Passengers visiting Glacier Bay National Park on a Princess Cruise can, and many do, extend their Alaska trips to include:

- Denali National Park, with the option to stay one night or longer, and including either a short Natural History Tour or the longer Park Wildlife Search Tour.
- Kenai Fjords National Park, with options for various lengths of trip into the Park.

- Dalton Highway trips, which traverse the Brooks Range and skirt the Gates of the Arctic National Park along its eastern border.
- Kodiak Island, including optional excursions to Katmai National Park's eastern reaches.

Nearly half of all our passengers who visit Glacier Bay will also visit one or more of the areas listed above. Princess offers more choices than any other cruise line. And a greater percentage of Princess passengers afford themselves the opportunity to expand and extend their Alaska vacation experience.

A P&O Subsidiary

Princess Cruises is a wholly-owned subsidiary of The Peninsular and Oriental Steam Navigation Company (P&O), which has more than 150 years of experience as a major ship owner and operator of cargo, container and passenger ships worldwide. Being a part of one of the world's most established shipping companies allows Princess to draw on P&O's wealth of knowledge and heritage of maritime experience.

This reputation is important when it comes to recruiting the highest caliber captains and crew. It provides the foundation necessary to implement state-of-the-art maritime safety equipment and programs as well as many other corporate endeavors that make Princess a cruise industry leader in the quality of service we provide.

Safety and Professionalism

Princess has been and continues to be at the forefront of cruise industry management practices. These practices go beyond our ships at sea and apply, as well, to our shoreside operations, including our lodges near Denali National Park.

Noteworthy are:

- **Bridge Resource Management.** With encouragement from the U.S. Coast Guard and the National Transportation Safety Board, Princess has led the way in developing training programs, which encourage cooperative bridge management. All Princess Navigation officers receive this training.

Equally important, each Princess team is joined for the training by an Alaska Pilot who will accompany Princess vessels in Alaska coastal waters, including Glacier Bay.

The Princess officers and Alaska Pilots attend a one-week program at the Simulator School at Warsash Maritime Center in Southampton, a leading British nautical college. This approach improves communication and builds teamwork in managing the navigation and safe operation of the ship from the bridge.

- **ISM Certification.** Princess was the among the first cruise lines to receive ISM certification in July, 1995. This International Safety Management Code came into force for all passenger ships in July, 1998. The Certification covers International Maritime Organization (IMO) regulations for safe operation of ships and pollution prevention as a part of the Safety-of-Life-at-Sea (SOLAS) Convention.
- **James E. McGuire Safety Award.** Princess is the first and only cruise line to receive this award, the most prestigious international safety award in the maritime industry. The award is presented by the International Association of Classification Societies. Princess was recognized for, "... the company's meritorious high standard of seamanship, vessel maintenance and operation, priorities in education and training of crews, and meticulous application of its technologically advanced waste management and onboard recycling program."
- **Voyage Event Recorder.** Princess Cruises was the first cruise line to install a maritime Voyage Event Recorder (VER) or "black box" on each vessel in its fleet. Through the use of this technologically advanced maritime safety device, Princess can continuously monitor and record the ship's audio, radar and gyro systems as well as their position, speed, date and time, in order to recreate an incident at sea if the need arises.

In addition, Princess can record and analyze other useful data including the engine performance and maneuvering characteristics of each of our ships. The installation of the VER's on every Princess ship is just one example of how, by drawing on the history and depth of P&O, Princess is able to operate one of the most technologically advanced cruise lines in the world.

A Leader on the Environment

Another example of Princess Cruises' commitment to excellence can be witnessed through the steps we have taken to become the recognized industry leader on the environment.

Five years ago, Princess Cruises was the first cruise line ever to appoint a Vice President of Environmental Programs to ensure that we meet or surpass all national and international environmental laws and regulations. Since that time, we have spent many millions of dollars to equip our ships with the latest environmental technology, and the Princess fleet is now the most environmentally advanced in the world.

Princess has been widely acknowledged for its leadership in environmental programs. No other cruise line has been recognized more for environmental programs. These include:

- The 1998 William M. Benkert Award, Vessel Operations-Large Business category. This is the highest environmental award presented by the United States Coast Guard.

Princess Cruises was recognized by the Coast Guard for having, "...demonstrated remarkable vision and dedication to excellence in marine environmental protection. The company's environmental policy is actively stressed to all employees and was highly praised by the awards committee."

- The Smithsonian/ASTA award for outstanding achievement in environmental protection. This is the top environmental award in tourism that is presented by ASTA (the American Society of Travel Agents) in conjunction with Smithsonian Magazine. This is the first, and only time a cruise line has received this award.
- The Asian Pacific Travel Association Green Leaf – Gold Award. Princess is the first and only cruise line to receive this award for environmentally responsible tourism programs.
- The British Airways Highly Commended Americas Award. This award recognizes Princess for work in protecting the environment. Again, Princess is the first and only cruise line to receive this award.
- Recognition from the Center for Marine Conservation. Princess was noted for having, "...undoubtedly, the best waste management program in the business."

Princess has incorporated this comprehensive environmental management system into its **PLANET PRINCESS** Program. PLANET PRINCESS goes beyond what is required by law. The key to this innovative environmental program is our commitment towards both crew and passenger education. We believe in staff training.

We recognize that systems must be supported by motivated crew, who must be trained to be sensitive to the impact of our activities on the environment.

As an example of this, Princess is currently working with the U.S. Department of Interior's U.S. Fish and Wildlife Service. Together with the Washington office of the USF&W Division of Law Enforcement, we are developing information sheets to be distributed to passengers. The information will discourage passengers from purchasing products that are manufactured from protected species, and reminding them that many are illegal. The handouts specifically list Sea Turtles, Corals, Conch, Birds and feathers, and products such as spotted skins reptiles or spotted cats.

Princess is developing additional passenger and crew educational materials. These will be integrated into ongoing communication tools to build awareness of the potential damage caused by handling, feeding, or otherwise disturbing marine mammals and other wildlife, or damaging coral reefs.

These ongoing, region-specific program refinements build on the existing program, which include:

- Establishing a "zero dumping" policy throughout the fleet. Although international law permits dumping of certain garbage beyond the three-mile limit, Princess policy requires that nothing is to be dumped overboard in any location.
- Initiating an extensive solid waste recycling program for each ship. Materials such as glass, aluminum and tin are processed through the ships' equipment and packaged for shoreside recycling. This program has dramatically reduced the amount of waste Princess sends to landfills.
- In conjunction with the U.S. Public Health Service, Princess has revised many of its food purchasing and packaging requirements that previously resulted in unnecessary waste. For example, these new guidelines have eliminated millions of packages of plastic creamers and butter wrappers from our ships.
- Water conservation has become a primary goal of this program. This involves both technology and education of passengers and crew.

With the above programs in place, Princess Cruises is now an industry leader in environmental awareness, protection and preservation. This is confirmed by the recognition bestowed on Princess as the recipient of awards from a wide number of organizations.

13. Does the ENTITY have experience providing services under contract for an agency like NPS, United States Forest Service, Bureau of Land Management, city, state, large corporation, or other organization with significant philosophical and operational constraints? If Yes, please identify.

Yes

No

Princess has provided passengers with cruises and tours of National Parks and National Forests in Alaska for over thirty years. In addition to Glacier Bay, Princess has worked with:

- The U.S. Forrest Service in Southeast Alaska to in providing tours to Mendenhall Glacier.
- NPS at Denali National Park to provide interpretive services to visitors in the South Denali Area at the Mt. McKinley Princess Lodge.
- The U.S. Bureau of Land Management, to develop interpretive programs at Coldfoot on the Dalton Highway near the Gates of the Arctic National Park.

14. Use the format on the following page and add to it as necessary, or use your own format as long as it provides all of the requested information. Provide detailed resumes for all current and proposed partners, sole proprietors, and key management employees who will be actively involved in the management of this business and key ship-board personnel who will be operating in Glacier Bay. Identify the specific role the individual is to play and establish that person's ability to play that role.

When discussing work experience, be specific with respect to size of operation, dates, area of operation, specific duties, number of people supervised, hours worked per week, and other factors that would be helpful to reviewers in establishing a clear understanding. Do not omit training and education and do not omit special qualifications, ratings, or licenses that are needed in some special occupations.

Use the Individual Experience Form on the following page and add to it as necessary, or use your own format providing it includes *all* of the requested information.

PLEASE SEE FOLLOWING PAGES FOR RESUMES OF KEY PRINCESS MANAGEMENT

Name: Timothy C. Harris
Title/Employer: Chairman and Chief Executive Officer, Princess Cruises; and Assistant Managing Director, The Peninsular and Oriental Steam Navigation Company
Address: 10100 Santa Monica Blvd., Los Angeles, CA 90067
Phone (310) 553-1770
Fax: (310) 277-6175

Tim Harris is Chairman and Chief Executive Officer of Princess Cruises. He joined the company in 1986 as its President. Mr. Harris also serves as Assistant Managing Director of The Peninsular and Oriental Steam Navigation Company (P&O), Princess' parent company. He is Chairman of P&O Cruises Limited and was most recently appointed as CEO of P&O Nedlloyd container Line Limited.

Prior to joining Princess, Mr. Harris served as Chairman of Earls Court and Olympia Limited, Sutcliffe Catering Limited, and Sterling Guards Limited. Earlier he served as Deputy Chairman of Sutcliffe Catering Group Limited. Mr. Harris also served in various capacities with Sterling Guarantee Trust, starting in 1974, where he was involved in the service industry and overseas property divisions. He joined Earls Court and Olympia Group in 1977 and held progressive positions as Financial, commercial and Managing Director.

Mr. Harris is a graduate of Jesus College, Cambridge. He served as the President of the Chamber of Shipping from March 1995 to March 1996.

Name: Peter Ratcliffe
Title/Employer: President, Princess Cruises
 Executive Director, The Peninsular and Oriental Steam Navigation Company
 10100 Santa Monica Boulevard
 Los Angeles, CA 90067-4189
Telephone: (310) 553-1770
Fax: (320) 785-0725

Peter Ratcliffe is President of Princess Cruises. He has served in this capacity since 1993. Mr. Ratcliffe also serves as an Executive Director of P&O, having joined the Board in 1996.

He joined Princess Cruises in 1986 as Chief Financial Officer and later served as Senior Vice President, Customer Services before being named Chief Operating Officer in 1989. Mr. Ratcliffe joined Princess' parent company, P&O, in 1973 working in both London and Sydney with Overseas Containers Limited, now P&O Nedlloyd, where he ultimately served as Group Financial Controller.

Mr. Ratcliffe was born in 1948 and educated at New Mills Grammar School and Downing College, Cambridge University, graduating in 1969 with a BA in Economics and Mathematics. Mr. Ratcliffe currently serves as the Chairman for the International Council of Cruise Lines (ICCL).

Name: Dean C. Brown
Title/Employer: President Princess Tours
Senior Vice President Princess Cruises
Address: 2815 Second Avenue, Suite 400
Seattle, WA 98121-1299
Phone: (206) 728-4202
Fax: (206) 728-9643

Dean C. Brown is President of Princess Tours and Sr. Vice President of Princess Cruises.

Prior to his appointment a President in 1995, Mr. Brown had served as Vice President, Reservations and Operations of Princess Tours since 1989. He joined Princess in 1979, holding management positions in Operations, Planning, and Development. Prior to joining Princess, he worked for both the Pacific Science Center and the Seattle Art Museum as a Public Programs Manager.

Mr. Brown graduated from the University of Washington with a BA Degree in Communications and History in 1975. While attending the University, he worked as a Tour Director in the Canadian Rockies for Johansen Royal Tours, which was acquired by Princess in 1979.

Mr. Brown is Vice Chairman of the North West CruiseShip Association (NWCA) and serves as a Director of the Alaska Visitors Association. He was President of AVA in 1996.

Name: Commodore John N. King
Title/Employer: Sr. Vice President, Fleet Services, Princess Cruises
Address: 10100 Santa Monica Blvd., Los Angeles, CA 90067
Phone: (310) 553-1770
Fax: (310) 843-3875

John King serves as Commodore for the Princess Cruises' fleet. In this capacity, Commodore King oversees all marine operation activities for the company. He has served in this position since 1993.

Commodore King began his career with P&O in 1953 when he joined their British India Steam Navigation Company as a cadet. He came to Princess Cruises in 1976 and has served as the master of the Royal Princess, Sky Princess, Pacific Princess, Island Princess and Sea Princess.

Name: Capt. Grahame Burton
 Title/Employer: Vice President, Marine, Princess Cruises
 Address: 10100 Santa Monica Blvd., Los Angeles, CA 90067
 Phone: (310) 553-1770
 Fax: (310) 284-2831

Grahame Burton is Vice President, Marine of Princess Cruises, a position he has held since 1995.

Captain Burton spent over 30 years at sea with Princess and P&O prior to being appointed to his current position. His Glacier Bay experience dates back to 1973, during service as 1st Officer on the P&O ship ARCADIA. His last season in Alaska was 1993, when he served as Captain of PACIFIC PRINCESS.

Captain Burton is active in the North West CruiseShip Association, serving on the Technical and Operations Committee. He played a leading role within the Alaska Marine Safety Task force in developing the acclaimed Southeast Alaska Voluntary Waterway Guide.

Name: Captain Guiseppe Romano
 Title/Employer: Captain, Princess Cruises
 Address: 10100 Santa Monica Blvd., Los Angeles, CA 90067
 Telephone: (310) 553-1770
 Fax: (310) 843-3875

Captain Guiseppe Romano was promoted to the rank of Captain in 1991. He has commanded FAIR PRINCESS, original DAWN PRINCESS, STAR PRINCESS, REGAL PRINCESS, AND SUN PRINCESS in Alaska.

His first visit to Alaska was in 1978. In all, he has cruised in Alaska for 14 summers.

Captain Romano also serves as relief Captain for Princess' newest and largest ship, GRAND PRINCESS.

Name: Captain David Christie
 Title/Employer: Captain, Princess Cruises
 Address: 10100 Santa Monica Blvd., Los Angeles, CA 90067
 Telephone: (310) 553-1770
 Fax: (310) 843-3875

Captain Christie was originally employed by P&O in September 1966 and visited Alaska for the first time in the summer of 1971 onboard the original ARCADIA. Captain Christie has commanded the Royal, Island, Pacific and Star Princess and has cruised Alaska a total of 19 summers. Captain Christie is the designated Captain for Sea Princess to be delivered in November of this year and will spend next summer cruising in Alaska.

Name: Dr. Richard Wade, Ph.D., M.P.H.
Title/Employer: Vice President Environmental Health Programs, Princess Cruises
Address: 10100 Santa Monica Blvd., Los Angeles, CA 90067
Phone: (310) 553-1770
Fax: (310) 843-3854

Dr. Richard Wade is Vice President, Environmental Health Programs for Princess Cruises. He joined Princess in 1993, as head of the company's innovative Environmental Health Programs Division. In this Position, Dr. Wade is responsible for the planning, organization and direction of the comprehensive environmental management of Princess' nine-ship fleet.

Prior to joining Princess, Dr. Wade spent 22 years as a manager of environmental health programs and as a consultant to industry and government. He has managed large regulatory agencies, implementing environmental health programs for the City of Seattle and the State of Minnesota, and was the Deputy Chief of the State Occupational Safety and Health Administration for California.

Dr. Wade's academic training included work at the University of New Hampshire, University of Michigan and Harvard University. He has received honors from many professional organizations including the American Public Health Association and the National Environmental Association.

Name: Anthony H. Kaufman
Title/Employer: Vice President, Legal Affairs and Secretary, Princess Cruises
Address: 10100 Santa Monica Boulevard
Los Angeles, CA 90067-4189
Telephone: (310) 553-1770
Fax: (310) 843-3811

Tony Kaufman joined Princess Cruises in 1993 and is currently Vice President, Legal Affairs and Secretary of Princess Cruises.

Prior to joining Princess, Mr. Kaufman was an associate in the Los Angeles office of the Gibson, Dunn & Crutcher national law firm where he specialized in corporate, real property and intellectual property law.

Mr. Kaufman received his degree from Loyola of Los Angeles Law School.

Name: Thomas M. Dow
Title/Employer: Vice President of Public Affairs, Princess Cruises and Princess Tours
2815 Second Avenue, Suite 400
Seattle, WA 9812101299
Telephone: (206) 728-4202
Fax: (206) 728-3944

Thomas M. Dow is Vice President of Public Affairs for Princess Cruises and Princess Tours.

He joined Princess Tours in January 1994 as Vice President of Hotels and assumed his current position in 1996. Prior to joining Princess, he served as Vice President of NANA Development Corporation, where he was employed in a variety of management positions, starting in 1975.

Mr. Dow graduated from the University of Northern Colorado in 1972. He currently serves on the Legislative and Public Relations Committees of the International Council of Cruise Lines. He is a past President of the Alaska Visitors Association and has served of the Boards of Directors of AVA and the Alaska Tourism Marketing Council.

CRITERION 1B. NONE.

PRINCIPAL FACTOR 2. CONFORMANCE TO THE TERMS AND CONDITIONS OF THE PROSPECTUS IN RELATION TO QUALITY OF SERVICE TO THE VISITOR CRITERION 2A. THE OFFEROR AGREES TO PROVIDE THE SERVICES AS REQUIRED BY THIS PROSPECTUS.

1. Indicate below whether you agree to provide the required services under the conditions specified in the Permit.

Yes

No

2. Provide a basic description of the ship(s) which the offeror proposes to operate in the park, including, as a minimum, the following, and any other vessel design information the offeror feels is pertinent.

Ship Name	Former Names	Registry
CROWN PRINCESS	NONE	LIBERIA
Gross Tonnage	Builder	Date Launched
69845	Fincantieri	1990
Length (ft)	Beam (ft)	Date of Last Refit
803.9	105.6	DRY DOCK 4/97
Draft (ft.)	Stack height (ft.)	Propellers (no. & type)
26.6	156.1	2 FIXED BLADE
Propulsion type (diesel electric, etc.)	Propulsion power (kW or HP)	Fuel (type/weight)
DIESEL ELECTRIC	38.880	IFO 180/380 1500 TONS
Passenger Capacity (basis 2)	Passenger Capacity (all berths)	Cabin Size (mean sq. ft.)
1596	1748	190
Passenger/space ratio (basis2)	No. of Cabins	No. of Wheel Chair accessible cabins
44	798	10
Officer Nationality	Crew Nationality (approx. % each)	
BRITISH/ITALIAN	SEE ATTACHED	

Ship Name	Former Name	Registry
REGAL PRINCESS	NONE	LIBERIA
Gross Tonnage	Builder	Date Launched
69845	Fincantieri	1991
Length (ft)	Beam (ft)	Date of Last Refit
803.9	105.6	DRY DOCK 5/96
Draft (ft.)	Stack height (ft.)	Propellers (no. & type)
26.6	157.1	2 FIXED BLADE
Propulsion type (diesel electric, etc.)	Propulsion power (kW or HP)	Fuel (type/weight)
DISEL ELECTRIC	38.880	IFO 180/380 1500 TONS
Passenger Capacity (basis 2)	Passenger Capacity (all berths)	Cabin Size (mean sq. ft.)
1596	1748	190
Passenger/space ratio (basis 2)	No. of Cabins	No. of Wheel Chair accessible cabins
44	798	10
Officer Nationality	Crew Nationality (approx. % each)	
BRITISH/ITALIAN	SEE ATTACHED	

Ship Name	Former Names	Registry
SUN PRINCESS	NONE	LIBERIA
Gross Tonnage	Builder	Date Launched
77441	FINCANTIERI	1995
Length (ft)	Beam (ft)	Date of Last Refit
857.1	105.8	Dry Dock 9/97
Draft (ft.)	Stack height (ft.)	Propellers (no. & type)
26.6	162	2 FIXED BLADE
Propulsion type (diesel electric, etc.)	Propulsion power (kW or HP)	Fuel (type/weight)
Diesel Electric	46080	IFO 180/380 1500 TONS
Passenger Capacity (basis 2)	Passenger Capacity (all berths)	Cabin Size (mean sq. ft.)
1950	2272	155 OUTSIDE 135 INSIDE
Passenger/space ratio (basis 2)	No. of Cabins	No. of Wheel Chair accessible cabins
39.5	975	19
Officer Nationality	Crew Nationality (approx. % each)	
BRITISH/ITALIAN	SEE ATTACHED	

Ship Name	Former Names	Registry
DAWN PRINCESS	NONE	LIBERIA
Gross Tonnage	Builder:	Date Launched
77441	FINCANTIERI	1997
Length (ft)	Beam (ft)	Date of Last Refit
857.1	105.8	WET DOCK 5/98
Draft (ft.)	Stack height (ft.)	Propellers (no. & type)
26.6	162	2 FIXED BLADE
Propulsion type (diesel electric, etc.)	Propulsion power (kW or HP)	Fuel (type/weight)
DIESEL ELECTRIC	46080	IFO 180/380 1500 TONS
Passenger Capacity (basis 2)	Passenger Capacity (all berths)	Cabin Size (mean sq. ft.)
1950	2272	155 OUTSIDE 135 INSIDE
Passenger/space ratio (basis 2)	No. of Cabins	No. of Wheel Chair accessible cabins
39.5	975	19
Officer Nationality	Crew Nationality (approx. % each)	
BRITISH/ITALIAN	SEE ATTACHED	

Ship Name	Former Names	Registry
SEA PRINCESS *	NONE	LIBERIA
Gross Tonnage	Builder	Date Launched
77441	Fincantieri	1998
Length (ft)	Beam (ft)	Date of Last Refit
857.1	105.8	NEW
Draft (ft.)	Stack height (ft.)	Propellers (no. & type)
26.6	162	2 FIXED BLADE
Propulsion type (diesel electric, etc.)	Propulsion power (kW or HP)	Fuel (type/weight)
DIESEL	46080	IFO 180/380 1500 TONS
Passenger Capacity (basis 2)	Passenger Capacity (all berths)	Cabin Size (mean sq. ft.)
1950	2272	155 OUTSIDE 135 INSIDE
Passenger/space ratio (basis 2)	No. of Cabins	No. of Wheel Chair accessible cabins
39.5	975	19
Officer Nationality	Crew Nationality (approx. % each)	
BRITISH/ITALIAN	SEE ATTACHED	

*Currently under construction, completion scheduled for end of 1998.

Ship Name	Former Names	Registry
OCEAN PRINCESS*	NONE	LIBERIA
Gross Tonnage	Builder	Date Launched
77441	FINCANTIERI	1999
Length (ft)	Beam (ft)	Date of Last Refit
857.1	105.8	NEW
Draft (ft.)	Stack height (ft.)	Propellers (no. & type)
26.6	162	2 FIXED BLADE
Propulsion type (diesel electric, etc.)	Propulsion power (kW or HP)	Fuel (type/weight)
DIESEL ELECTRIC	46080	IFO 180/380 1500 TONS
Passenger Capacity (basis 2)	Passenger Capacity (all berths)	Cabin Size (mean sq. ft.)
1950	2272	155 OUTSIDE 135 INSIDE
Passenger/space ratio (basis 2)	No. of Cabins	No. of Wheel Chair accessible cabins
39.5	975	19
Officer Nationality	Crew Nationality (approx. % each)	
BRITISH/ITALIAN	SEE ATTACHED	

*Currently under construction, completion scheduled for end of 1999.

CREW NATIONALITY

Princess Cruises employs an international crew onboard its vessels. The mix of nationalities varies somewhat from ship to ship. In keeping with customary maritime practices, crew is regularly rotated to accommodate shore leave and relief assignments. To insure operational continuity and consistency of passenger service delivery it is important to schedule these rotations on a staggered basis, so as to avoid substantial crew changes on any one vessel at any particular point in time.

For this reason, we have provided an overview of the makeup of the crew of one ship, DAWN PRINCESS, in June 1998, while deployed on Gulf of Alaska voyages, which include calls in Glacier Bay.

- United Kingdom 13.0%
- U.S./Canada 8.5%
- W. Europe 12.5%
- E. Europe 11.5%
- Americas* 15.5%
- Philippines 33.0%
- Other** 6.0%

* Includes Caribbean, Mexico, South and Central America.

** Includes Australia, Africa, Asia, Middle East.

3. Do you agree not to use a substitute ship without the approval of the park superintendent and that any substitute must meet or exceed the standards of the ship approved in the proposal?

Yes

No

4. Specify the total number of cruise ship entries into Glacier Bay from June 1 – August 31 for which you are applying.

Forty -six (46).

This number is based on, (1) Princess' current and customary (since 1989) deployment of five, seven-day ships in the Alaska; and, (2) the planned addition of one ship in the year 2000. Each ship would require 13 permits for the period June 1-August 31. This would result in a requirement for 78 permits (6 x 13). P&O/Princess holds 32 entries with ANILCA Sec. 1307 "Historical Operator" status. This results in a "net" requirement for 46 entries (78 – 32). Please note that should Princess secure the renewal of 13 entries with preferential status (Category B, 13 entries), our remaining request is for 33 permits from all other categories.

Number of Entries (maximum is 68)

46

As explained in "Business Opportunity", up to 68 entries are divided into the following six categories. This is necessary in order to give the incumbent concessioners their statutory right of preference in categories "B - F".

5. Do you wish to apply and compete in all categories in order to maximize your opportunity:

Yes No

If "NO", specify the category or categories under which you are applying and the number of entries as follows:

Category	Entries (enter number)
Category A (maximum 38 entries)	
Category B* (maximum 13 entries)	
Category C* (maximum 4 entries)	
Category D* (maximum of 7 entries)	
Category E* (maximum of 4 entries)	
Category F* (maximum of 2 entries)	

The best proposal will be selected in each of the above six categories.

* An incumbent concessioner has a right of preference in renewal for these entries (see "Application of Preference in Renewal", this section - above).

6. Do you intend to utilize all entries authorized throughout the term of the permit? (Unforeseen events or circumstances that intermittently interfere with operations may, with the approval of the superintendent, be excused.)

Yes No

7. Do you agree to notify the NPS of any unused entries that may become available in a timely manner and, if necessary, assist to facilitate the reallocation of the unused entry?

Yes No

Princess fully intends to utilize all available entry permits. Over thirty years of Alaska experience has taught us the importance of careful itinerary planning. Schedules are

finalized over 18 months in advance to insure sufficient lead-time for maximum utilization of Glacier Bay permits.

Princess is able to provide timely notification to NPS of any unused entries and assist in facilitating the reallocation of unused entries.

CRITERION 2B. DESCRIBE WHAT ADDITIONAL SERVICES AND/OR FACILITIES WILL BE PROVIDED AND/OR HOW THE COMPANY WILL IMPROVE UPON THE SERVICES OR SCHEDULES REQUIRED BY THIS PROSPECTUS, TO PROVIDE A SUPERIOR PARK EXPERIENCE FOR ITS PASSENGERS.

The National Park Service expects that concessioners will support the NPS in its mission to inform park visitors and concession employees about park resources and values. Some examples of services and facilities, which might improve the visitor experience:

- a. Offer Native Alaskan art and handcrafts prominently in shipboard gift shops.

Princess has initiated contact with Huna Totem Corporation, and will extend this discussion to Sealaska Corporation, to further enhance our existing programs for the display and sale of local and regional Native Alaskan art and handcrafts in shipboard gift shops.

Additionally, Princess will be the first Alaska tour operator to work in concert with the Alaska Native Heritage Center, opening in 1999 in Anchorage. This center will provide an opportunity for visitors and residents to learn about the lifestyle and culture of Native Alaskans. The Center will feature reproductions of five traditional village scenes, representative of the five major indigenous peoples of Alaska.

This partnership will provide essential revenue to the Center and an exciting opportunity to Princess' passengers to learn about the Native cultures of Alaska. The Center will also feature Native artisans, offering visitors an opportunity to purchase authentic arts and handicrafts after observing them being created.

- b. Provide an expanded library of resource materials on Glacier Bay, Alaska, Native Culture including standard references, books, periodicals, videos, maps, etc.

Princess has commissioned an illustrated guidebook for our Alaska cruise passengers. This book, The Alaska Cruise Companion, by Joe Upton, is available in two versions. Both Northbound and Southbound Editions include illustrated maps. (See attachment 2.B.b for a copy of the Guide).

The Alaska Cruise Companion includes a 13-page section on Glacier Bay, and sections on Native and non-Native Alaskan Art, Living with Whales, Birds and Marine Mammals, and many historic photographs describing the Alaskan experience.

Princess offers extensive libraries onboard all vessels calling in Glacier Bay. These libraries include a variety of books on Alaska, Glacier Bay, and Alaska's Native Culture. Princess will include a selection of reference books from the list included in the "Support Materials" section under Criterion 4A (Interpretive Services), below. The selection will focus on those titles that provide information on Glacier Bay, Marine Mammals, Birds, Plants, and Native People (as distinguished from titles concentrating on "how-to" interpret, and Glacier Bay NP Management Plans).

- c. Feature local Alaskan artists and craftspersons in shipboard displays and in gift shops.

Princess will develop point-of-sale displays as part of the initiative involving Huna Totem and Sealaska Corporations, mentioned above, [2B, (a)].

- d. Insure that ship board activities, gift shop items etc. contribute to visitor understanding of the area (e.g. gift shops offer only stuffed toy animals which are native to the area).

Princess places an "Alaskan emphasis" on all shipboard activities, gift shop items, and Naturalist presentations. This contributes to Princess widely-held reputation as the Cruise line with the most experience in and knowledge of Alaska.

- e. Implement corporate and/or shipboard programs related to protection of the (marine) environment.

Princess has developed the **PLANET PRINCESS** program to increase the environmental awareness of both crew and passengers. We recognize that both are critical to the success of any environmental program.

The program includes a **Zero Dumping** policy throughout the fleet; a comprehensive solid waste recycling program, which separates and processes glass, aluminum, tin, and paper and packages it for shoreside recycling; food and product packaging standards to reduce use of plastics and other unnecessary packaging materials.

Passengers notice the use of biodegradable packaging for shampoo and conditioner, which replaced plastic bottles. Wooden stir sticks and use of heavy, washable plastic tumblers replaced plastic disposable drink containers. Paper plates are no longer used on deck. Plastic creamer containers and butter wrappers have been eliminated.

These programs, which support an underlying philosophy of responsible environmental conduct, are featured in all Princess literature, including brochures, onboard newsletters, and shipboard announcements. This reinforces the awareness of both crew and passengers.

Princess has led in the implementation of these innovative programs and standards and the resulting environmental awareness among both passengers and crew. The programs have been recognized with awards from the U.S. Coast Guard, Smithsonian/ASTA, the Asian Pacific Travel Association, British Airways, and the Center for Marine Conservation.

Princess is the most widely acknowledged, and in the case of the above-mentioned awards, the only cruise line to have achieved this recognized standard of environmental management.

Additionally, Princess proposes a partnership with Glacier Bay National Park to develop educational materials for use in children's shipboard programs. These can be integrated as an enhancement to the LOVE BOAT KIDS program and provide tools for imparting the importance of protecting the marine environment to our younger passengers.

- f. Establish minimum standards of knowledge about Glacier Bay and the National Park Service for officers and crew members.

Princess proposes to enhance existing information for Officers and Crew by developing, in conjunction with GBNP staff, a standardized fact sheet for distribution to crew members. The earlier-mentioned cooperative effort involving DOI-USF&W can serve as a model for this program.

Princess further proposes to include GBNP staff in a review of all information provided by Princess to passengers prior to their visit to Glacier Bay. This would include coverage in the Princess Patter newsletter, videos presented on the ships' cable TV, and maps or other displays designed to provide information on Glacier Bay.

1. Describe the services and facilities related to the above that you propose to offer.

- a-f. Services include onboard announcements, shipboard publications such as the daily Princess Patter newsletter, and crew training to provide information to passengers.

Facilities include gift shops for merchandise and literature, and libraries for information. Waste management facilities include equipment for separation, storage, processing and packaging solid and liquid waste. Recyclable glass, aluminum and paper are delivered to recycling facilities ashore.

Management Policies Manual, Chapter VIII. "Promoting the sale of United States made handcrafts including Native American handcrafts relating to the culture, historical, natural and geographic characteristics or park areas is encouraged and there shall be a continuing effort to enhance the scope and supply of local handcrafts where they exist and to establish them where they do not."

2. Describe what measures the company will take to implement this policy in your service.

Princess includes environmental awareness training as an essential component of basic training for all crew.

Princess' passenger-service crew, including interpretive and cruise activity staff, receive training in the natural history and culture of Alaska. Emphasis is given to Glacier Bay. It should be noted that Princess benefits from the many years of experience in calling on Glacier Bay. Many shipboard staff have visited Glacier Bay dozens of times over the past thirty five years. They have had the opportunity to observe and learn from the NPS interpreters' presentations. This is extremely valuable in maintaining consistent quality in providing information to passengers.

Princess will continue to work closely with NPS staff at Glacier Bay National Park and Preserve.

3. Describe other services, facilities, programs, itineraries, etc., your company will implement that will provide a superior park experience for the visitor.

Princess will follow the Optimal Itinerary guidelines as outlined in the Prospectus under Criterion 4B (unless otherwise agreed by NPS). Princess will eliminate music on public address systems and non-essential onboard announcements. We will not offer music or other entertainment in shipboard lounges. Gift Shops will be closed while the ship is at or near the face of glaciers or during the NPS interpreter's narrative presentation. Casinos will be closed while ships are in Glacier Bay.

Passenger activities will focus on natural history and culture so as not to compete with the Naturalists' interpretive presentations, or interfere with the passengers' attention to or enjoyment of Glacier Bay.

Princess will include onboard naturalists on Alaska cruises to present programs to enhance and enrich the passenger's experience. These programs help integrate the passenger's overall experience and understanding of the GBNP Naturalist's Interpretive Program in Glacier Bay. Presentations are offered frequently throughout the cruise and are well attended by passengers.

Princess will not utilize helicopters for promotional photography or filming in Glacier Bay.

CRITERION 3A. THE OFFEROR AGREES TO A FEE OF NOT LESS THAN THE AMOUNT DESCRIBED BELOW

The NPS has determined that the fees described below is the minimum required offer:

\$5.00 per passenger (including both revenue and non-revenue passengers)

Please see the sample permit for specific details of the fee program.

1. Do you agree to this initial level of fees as shown above and in the sample permit?

Yes

No

CRITERION 3B. NONE

CRITERION 4A. THE OFFEROR PROPOSES TO PROVIDE INTERPRETIVE SERVICES (EITHER THOROUGH THE NPS INTERPRETIVE PROGRAM OR THOROUGH AN APPROVED CONCESSIONER PROGRAM) WHICH MEETS THE REQUIREMENTS OF THE PROSPECTUS AND PERMIT.

The National Park Service has determined that the following Interpretive Program is the minimum acceptable program for cruise ship services in Glacier Bay.

Program Overview

The Interpretive program will support the missions of both the National Park Service and Glacier Bay National Park and Preserve. Please refer to the National Park Service and its Mission and the Park Area and its Mission sections in this Prospectus.

1. Do you agree to provide an interpretive program meeting these minimum criteria?

Yes

No

Princess agrees to provide an interpretive program meeting the Minimum criteria above by participating in the NPS Interpretive Program, including cost-recovery.

The National Park Service offers cruise ship Concessioners the option of utilizing the NPS Interpretive Program on a cost-recovery basis (the Concessioner pays the prorated cost of the program). The NPS program exceeds the criteria stated above and the additional criteria identified in 4B (below) and consists of NPS trained Interpretive Rangers, who provide commentary, programs, interpretive materials, etc. as described below. The program includes pilot boat service for boarding and disembarking the Rangers as each ship enters and leaves Glacier Bay. The cost will range from \$0.75 to \$1.50 per passenger, based on actual program costs.

2. Will you participate in the NPS Interpretive Program (including cost-recovery)?

Yes

No

If you do not participate in the NPS Interpretive Program, submit a full description of your proposed interpretive program, including employment standards (resumes for existing interpretive staff or position descriptions for currently unfilled interpretive positions), staffing levels, staff and supervisory training program, monitoring and mentoring program, native and local hire program, procedures for updating interpretive program with current research and park management directives, sources for information, description of resource and reference materials available for the interpretive staff, description of slide file (or other media) available for audio-visual and other presentations, and other materials that would assist in evaluating the program. Minimum criteria for the Interpretive program (as stated above) must be met in order for the offer to be considered responsive.

NOT APPLICABLE TO PRINCESS

CRITERION 4B THE OFFEROR PROPOSES TO PROVIDE INTERPRETIVE SERVICES BEYOND THE MINIMUM LEVELS LISTED IN CRITERION 4A.

Optimal Itinerary

The NPS considers the following an optimal itinerary for a cruise ship visit to Glacier Bay: Vessel entry is scheduled so that the ship enters Glacier Bay from 0700 to 1100 (off Bartlett Cove), the ship then visits locations in the West Arm of Glacier Bay listed in the two examples below (in accordance with the provisions of this prospectus) and then departs Glacier Bay (off Bartlett Cove) from 1600 to 2100.

The following schedules give examples of an interpretive program resulting from specific arrival and departure times within these optimal arrival/departure time periods. Experience has shown that arrivals earlier than 0700 do not allow passengers adequate time to wake up, have breakfast and find a place where they can view the glaciers and listen to the commentary. Please note: arrival between 0700 and 0759 would result in an afternoon interpretive presentation. Arrival between 0800 and 1100 would result in a morning interpretive presentation. As an element of the optimal itinerary, Concessioners would confirm the interpretive program schedule for each ship with the Park's Chief of Interpretation at least two weeks prior to the first entry.

Example of Optimal Itinerary for an 0700 Arrival

(Please note the afternoon interpretive presentation time for early arriving ships)

Time	Activity
0700	Arrive Glacier Bay
0900	Queen Inlet, Begin commentary
1030-1130	View Margerie and Grand Pacific glaciers
1230-1330	View Lamplugh Glacier (Jaw Pt/Johns Hopkins if appropriate). Commentary ends on departure from last Glacier
1400	Reid Inlet
1400	Interpretive presentation
1445	Second interpretive presentation, if needed
1600	Depart Glacier Bay

Example at Optimal Itinerary for a 1000 Arrival

(Please note the morning interpretive presentation time for late arriving ships)

Time	Activity
1000	Arrive Glacier Bay and make brief announcement about day's events on p.a. System
1030	Interpretive presentation
1115	Second interpretive presentation, if needed
1200	Queen Inlet, Begin commentary
1330-1430	View Margerie and Grand Pacific Glaciers
1530-1630	View Lamplugh (Jaw Pt/Johns Hopkins if appropriate). Commentary ends on departure from last glacier
1700	Reid Inlet
1900	Depart Glacier Bay

Muir Inlet is not part of the optimal itinerary because the NPS believes that the transit time needed for traveling to both the East and West arms of Glacier Bay could diminish the time spent at tidewater glaciers and thus passenger enjoyment and understanding of the park.

Johns Hopkins Inlet is a secondary element of the optimal itinerary due to seasonal area closures, high concentrations of harbor seals and other factors that will often preclude going beyond, or even approaching, Jaw Point.

Other bays and inlets of Glacier Bay National Park (such as Dundas Bay, Lituya Bay) are not included due to potential conflicts of cruise ship activities with existing Visitor uses.

Transit through **Glacier Bay National Park marine waters outside of headlands**: Icy Strait, Cross Sound and the outer coast open waters (the Park boundary extends three miles offshore) are considered an incidental use of the Park at this time. The NPS encourages cruise ship operators to develop appropriate ship-board programs to further passenger knowledge and appreciation of these remote areas of the park.

1. Do you propose to operate in accordance with an optimal itinerary's shown above?

Yes

No

2. If NO, provide the proposed itinerary or itineraries, including, at a minimum, all areas to be visited, activities in each area and the times for each activity (one format for this is the table below).

NOT APPLICABLE TO PRINCESS

3. If you answer yes to item 1, but would also like to propose possible alternative itineraries which you feel would provide a superior visitor experience, please do so here. Provide details of why you feel this would be a superior itinerary and whether or not this itinerary is an optional or integral element of your proposal (optimal meaning implementation of the itinerary would be at the NPS's discretion; integral meaning that, under your proposal, some entries would need to use the alternative itinerary).

Princess believes that the NPS Optimal Itinerary is a reasonable alternative, given the limited area available for cruise ship operations within Glacier Bay. Should other areas of Glacier Bay be made available to cruise ships, Princess would work with NPS to develop expanded or alternative itineraries.

Additional Elements of the NPS Interpretive Program

The following items are elements of the NPS Interpretive Program which exceed the minimum requirements listed in 4A. If you indicated in 4A #2. (above) that you would participate in the NPS Interpretive program, you will be credited with providing these additional items. Applicants who will not be participating in the NPS Interpretive Program would need to specifically address each item in order to receive consideration for exceeding minimum standards for that item.

- Provide interpreters with the opportunity to visit libraries, museums or institutions that have Alaska and Glacier Bay specific information or reference materials.
- Provide opportunity for interpreters to work with experts on interpretive program subjects such as communication and interpretive techniques.
- Offer mentoring program(s) for southeast Native individuals to introduce the field of interpretation and provide the passengers with cultural interpreters.
- Offer supplementary field trips both ashore and on the waters of Glacier Bay to provide interpreters with added personal experience to further enhance their programs.
- Provide the interpreters additional training and materials to develop more specialized and in-depth programs.
- Conduct focus groups and additional surveys to determine if passengers understand and appreciate the significance of Glacier flay National Park and Preserve.

4. Do you propose to meet any or all of the elements shown above? [Applicable only if you will not be participating in the NPS Interpretive Program. The NPS Interpretive Program meets these elements.]

Yes

No

Additional Elements Not Included In the NPTS Interpretive Program

The following items are potential areas where applicants could exceed minimum interpretive program requirements whether they are participating in the NPS interpretive program or not. All applicants should provide details of how each item would be addressed or provided if the item is to be included in the applicant's operation.

- Schedule programs and provide materials specifically for children on board with a park related theme.

Princess has developed the LOVE BOAT KIDS program of activities for children. One segment of this unique program is "Save Our Seas", an interdisciplinary marine curriculum, which was developed by the Center for Marine Conservation and the California Coastal Commission.

Princess proposes to expand this portion of LOVE BOAT KIDS by developing curricula with a focus on Glacier Bay wildlife and ecology. This can be accomplished by facilitating the exchange of information between and among GPNP staff and Program Development Specialists from the Center for Marine

Conservation and the California Coastal Commission. Princess offers to support this facilitation process.

The current program is divided into four units: grades K-3, 4-6, 7-8, and 9-12. The K-6 sections integrate subjects including science, math, geography, social science, language arts and art. The 7-12 sections were developed specifically for science classes, while integrating social issues. Secondary level students learn field methods and techniques while analyzing marine debris problems. Each unit is made up of 5-6 separate activities. Each activity includes handouts and other materials.

One of the activities in the 4-6 Grade Unit covers MARPOL, including an explanation of each of the five Annexes to MARPOL. Annex V is described in detail. This Annex prohibits the disposal of plastics into the ocean, and requirements for shipboard waste management plans.

- Provide passengers and crew the opportunity to view video(s) about GLBA prior to arrival.

Princess will broadcast Glacier Bay - related videos on a stateroom cable TV channel and make the video available for additional showings in theaters prior to arrival in Glacier Bay.

- Provide passengers and crew with supplemental materials about Glacier Bay prior to arrival in Glacier Bay.

Princess will provide materials as previously described to passengers prior to arrival in Glacier Bay.

- Provide programs for passengers by specialists on park related subjects, i.e. geology, ecology, natural history, Alaska history, native Alaskan culture and art, prior to arrival in Glacier Bay.

Princess provides onboard naturalists on Alaska cruises to enhance and enrichen the passengers' experience. Current experts include:

Brent Nixon, holding a degree in Wildlife and Range Sciences, has served as an Interpretive Naturalist covering marine and upland wildlife for over 10 years.

Michael Madzelewski, an author and naturalist, focuses on 18 months he spent on a remote island in the Inside Passage.

Dirk Younkerman, interpretive naturalist, and photographer, has for the past 10 years focused on geology culture and wildlife

5. Do you propose to meet any or all of the elements shown above? If yes, provide details.

Yes

No

Opportunity for Applicants to Propose Innovative Interpretive Program Elements

Applicants are encouraged to provide details of any additional interpretive services or interpretive program details (not listed above) which they propose to provide and which would result in improved interpretive program.

6. Do you propose to any additional interpretive elements or services? If yes, provide details.

Yes

No

Princess has commissioned The Alaska Cruise Companion book and accompanying map, which includes a section on Glacier Bay, as described above.

Additionally, Princess has pioneered the development of the Hubbard Glacier Interpretive Program in conjunction with the Yakutat-Tlingit Tribe in Yakutat. Princess proposes establish a program to better coordinate our onboard interpretive programs with the GBNP interpretive program. We propose to establish a forum for the exchange of ideas and information between and among Princess' staff and the Park Service staff. This forum could also be used to identify additional resources or information that could benefit both programs. Princess is prepared to provide funding support to facilitate this forum. Hopefully, this can enhance the exchange of information between and among interpretive staffs, including those from the Yakutat-Tlingit Tribe.

CRITERION 5A. THE OFFEROR AGREES TO SUBMIT A POLLUTION MINIMIZATION PLAN

Park vessel regulations (see appendix) require the following:

"To obtain or renew an entry permit, a cruise ship company must submit and, after approval, implement a pollution minimization plan. The plan must ensure, to the fullest extent possible, that any ship permitted to travel within Glacier Bay will apply the industry's best approaches toward vessel oil-spill response planning and prevention and minimization or air and underwater noise pollution while operating in Glacier Bay. The superintendent will approve or disapprove the plan." (36 CFR 1 3.65(b)(2)(ii)(A))

The Pollution Minimization Plan was first implemented for the 1996 season. The NPS offered some initial ideas and suggestions to existing operators to help guide preparation of these pollution plans (see appendix - Pollution Minimization Plan Elements). These initial ideas are by no means exhaustive, nor are they mandatory requirements, but are offered to provide general guidance to all potential applicants. The Pollution Minimization Plan is an essential element of the Glacier Bay Vessel Management Plan's carefully crafted approach of providing increased access to the park while also assuring the performance of the NPS's fundamental and predominant stewardship responsibility to protect the park's resources and values. Companies are strongly encouraged to go beyond the elements initially suggested for these plans and to propose innovative, creative, and cost effective strategies to minimize air, water and underwater noise pollution.

1. Do you agree to submit the required Pollution Minimization Plan as part of your application and, after approval, implement the plan as approved? If yes, attach the plan (see Criteria 5B for additional elements which may be included).

Yes

No

**Pollution Minimization Plan for Princess Cruises
1998 Glacier Bay Permit Application**

In compliance with 36 CFR par 13.65 (b) (2) (ii) (A), Princess Cruises wishes to submit this pollution minimization plan for the following ships:

Ship:	Year Built:
CROWN PRINCESS	1991
REGAL PRINCESS	1992
SUN PRINCESS	1995
DAWN PRINCESS	1997
SEA PRINCESS	1998
OCEAN PRINCESS	1999

These new generation ships are all equipped with state of the art pollution prevention equipment. Princess plans to operate these ships in Glacier Bay during the 1999 Alaska cruise season (2000 for Ocean Princess) employing the following technologies, practices and standards to minimize the potential for any adverse environmental impacts from transits of these vessels while in Glacier Bay.

Air Quality Management

Air quality management on these ships is a combination of low air pollutant engines, use of low sulfur fuel, use of monitoring equipment, operational controls and crew training.

The engines on these new ships operate with the latest in pollution minimization technology. The respective engine types are as follows:

CROWN/REGAL PRINCESS	(MAN-B&W Type 8L58/64)
SUN/DAWN PRINCESS	(Sulzer 16 ZA V405)
SEA/OCEAN PRINCESS	(Sulzer 16 ZA V405)

Diligent operation of these engines has proven that they can consistently meet the ADEC air quality standards. No Princess ship employing these engines has ever received a notice of violation from ADEC. (ADEC surveillance 1992 – 1997 with 81 Princess ship inspections and zero violations).

Princess uses lower sulfur fuel in Alaska to reduce sulfur dioxide emissions throughout the state including Glacier Bay. Princess continually works with our fuel suppliers to insure that the quality of fuel meets or exceeds quality standards. Sulfur content for fuel purchased for the 1998 Alaska season is testing at less than 2%. This is an improvement from previous years. The modern engines on the newest Princess ships, with proper maintenance, are able to efficiently and cleanly combust the low sulfur fuel utilized by Princess.

There has been much conjecture regarding the relative benefits of various blends of fuel relative to exhaust emissions. Princess believes that, while fuel blend is a potential contributor, other factors are more important.

Proper maintenance and operations standards, rigorously applied, are a primary ingredient in the minimization of exhaust smoke. The use of the most modern equipment, available on such new ships as the ones operated in Alaska by Princess, include up-to-date engine technology. This includes the best instruments for monitoring engine performance. We believe that vigilant maintenance procedures and careful attention to proper operation of the ships' engines is the essential element in the effort to minimize smoke emissions.

Fuel oil, once on a Princess ship, is processed to remove impurities by heating and centrifugal purification. By-products of this fuel treatment are then landed ashore as oil sludge, processed again and used for fuel blending at shore facilities.

Princess is currently testing a new system that may result in improved reduced emissions through improved processing. The system involves the use of homogenizers, and is further described below, under Criteria 5B.

All these ships are equipped with exhaust gas boilers and particulate recovery system. Hot exhaust gases are passed through a heat exchanger to recover heat for shipboard use. In addition, these ships have silencers that reduce exhaust noise and capture particulate on cooled fins in the stack. These captured particulate emissions are then broken up by infrasonic sound.

Princess has installed electronic surveillance equipment on its air emission stacks to monitor air emissions. These ships have infrared particulate sensors on incinerator stacks and color TV monitors on diesel exhaust stacks to monitor for excess particulate emissions. Based on the information from the above equipment, officers in the engine control room can make operational changes, such as: vessel speed, engine Rpm's and the number of operating engines, all of which help reduce air emissions.

No Princess ships operate incinerators while in Glacier Bay.

Unless ordered by the Captain, for safe navigational purposes, Princess ships operate on only two propulsion engines operating at constant speed while transiting the bay. Use of two engines reduces fuel consumption and reduces air emissions.

Underwater Noise

These Princess ships have a number of technical and operational control efforts that contribute to the overall reduction in underwater noise:

- The diesel electric propulsion plants, HVAC compressors, air compressors, and fans are mounted on resilient mountings. These mountings reduce the transmissions of vibrations through the ship to the hull which in turn generate underwater noise.
- The major cause of underwater noise comes from propeller cavitation. The propellers on Princess ships have a fixed pitch which has been documented to reduce underwater cavitation noise.
- These ships have double bottoms, which further reduces through hull noise transmission.
- Princess does regularly schedule on board ship noise surveys to find, isolate and reduce ships noise generated by the ships mechanical systems, such as pumps and air conditioning units, etc.
- Princess emphasizes noise minimization in crew training for both engine/deck crew and passenger service crew.

It is the policy of Princess Cruises to operate at constant lower shafts Rpm's while maneuvering in Glacier Bay and thrusters are not used in "whale sensitive areas".

Use of thrusters is kept to an absolute minimum as may be required for safe navigation. Consistent with Coast Guard policies vessels make slow turns in ice and avoid use of reverse power which may damage propellers. While transiting these whale sensitive areas, Princess ships maintain slow speeds on two propulsion engines whenever possible.

Princess operates ships in **ZERO DISCHARGE MODE** while in Glacier Bay. This also contributes to noise reduction by reducing pump-generated noise.

Vessel Discharge Pollution Minimization Plan

All Princess ships in Glacier Bay operate as zero discharge vessels. Therefore, these ships will not discharge any solid waste, food waste, wastewater, incinerator ash discharges from the oily water separator, etc. While in Glacier Bay, the only ship discharge will be clean cooling water.

Oil Spill Response

It is Princess' policy that the best oil pollution plan is incident avoidance. Officers on all Princess ships undergo training in Bridge Team Management.

This on-going training program takes place in a dedicated center using state of the art simulators. Princess is currently participating in two courses per month. Princess was the first cruise ship company in North America to receive its ISM certification from a flag state.

The United States Coast Guard participated in the audit and verification process leading towards the ultimate ISM certification. Use of Proper Bridge Resource Management procedures significantly reduces the risk of grounding, collisions or other incidents that could, in turn, result in an oil spill.

All of these ships contain oil spill equipment, including bails of oil spill response absorbent pads and 200 ft. of oil booms onboard to contain small volumes of oil accidentally spilled resulting from a collision or grounding. Staff have been trained in its deployment, as well as the implementation of actions specified in the vessel general oil spill response assistance plan.

All ships have shipboard oil pollution emergency response plans, in compliance with MARPOL 673/78, Annex 1, Reg. 26. In addition, each ship has response agreements administered through Cruise Line Agencies of Alaska. This provides 24 hour coverage and the flexibility to initiate a degree of response required by the magnitude of the event.

Princess ships have the resources to internally manage small oil spills (with agency notification), to call in outside contractors where warranted, or to initiate a large scale response from government agencies, such as ADEC and the USCG.

Princess has also implemented an on-shore emergency response plan, and has established a dedicated emergency response center. This center is routinely exercised and was recently involved in a joint two day training drill with the USCG in Juneau, Alaska 1997. Princess has conducted two joint oil spill response exercises with the USCG during 1997.

CRITERION 5B. THE OFFEROR PROPOSES TO MINIMIZE ENVIRONMENTAL IMPACT IN THE PARK.

Following is a description of the potential environmental impacts cruise ships may have in Glacier Bay National Park. Offerors should address in their proposal measures they would take which go beyond law and regulation to further minimize or eliminate these environmental impacts while operating in the park (Address each item as an element of the Pollution Minimization Plan required in 5A.).

Stack Emissions. Princess continues to be committed to minimizing the impact of stack emissions on the Park and our client's enjoyment of the park's scenic qualities. We feel that it is best achieved through:

- Using modern equipment. All Princess ships going into the Park are of the modern generation.
- Keeping equipment well maintained. Princess has the highest maintenance standards recognized by independent sources through the many awards recently received by the company listed elsewhere in this prospectus.
- Having a well-trained crew that is sensitive to minimizing stack emissions, particularly while in Glacier Bay. Each season the crew is reminded of the importance of monitoring stack emissions and minimizing them.

In order to assist our offices and crew in their efforts to minimize emissions Princess will install on each ship a continuous diesel exhaust quantitative stack emission monitor. This will provide the crew with essential information to continuously manage operations to minimize stack emissions and specifically the particulate content thereof.

Furthermore, we will establish a testing regime for each class of ship using these monitors. We will use the results of these tests to identify optimum operating parameters and configurations to minimize stack emissions under various conditions. These conditions include vessel speed, maneuvers, engine loads, engine speeds, and number of engines employed. This will allow Princess to quantitatively and specifically identify best practices for minimizing stack emissions. Our standard operating procedures will be revised to incorporate the findings from these tests.

There has been speculation regarding the use of lighter weight fuels and their impact on stack emissions and particulate count. With these quantitative monitors and testing regime Princess will test the use of alternate fuels and will use the lighter fuel if it is proven to have favorable impact on stack emissions.

Princess is currently conducting a trial of a fuel processing system, which may further reduce smoke emissions and reduce engine wear. The system consists of two homogenizers. These subject the fuel to a variety hydrodynamic forces, such as shearing, friction, maximum acceleration forces and ultrasonic waves. The expected result is a stable, homogenous water-in-fuel emulsion. The maximum fuel droplet size should be reduced to 2-3 microns. This conditioning of the fuel assists the combustion process, which reduces smoke emissions, and reduces wear and tear on the engines. If the test produces these favorable results, Princess intends to install the system throughout the fleet.

Underwater Noise. Princess is committed to minimizing marine underwater noise. As mentioned earlier in this plan we have gone to great efforts to acoustically isolate noise and vibration from the hull. Slow navigation also reduces generated noise.

Wildlife Protection. Princess ships are instructed to stop at least 100 yards from Sea Bird colonies and ¼ miles from harbor seal pupping areas. All areas closed to vessel traffic are enforced.

Specific notes are given to passengers and crew in the ships newspaper (The Patter) the day before entry into Glacier Bay. Passengers and crew are reminded not to throw any objects overboard nor feed any wildlife. All loose items such as glasses, napkins and etc., are asked to be kept clear of decks. All our on deck glasses and tableware are heavy washable materials and thus not prone to being blown overboard.

Princess agrees to avoid disturbing Harbor Seals and will take special caution in the upper part of Johns Hopkins Inlet. We will respect the closure of the area south of Jaw Point from May 1 through August 31, when seal pupping activity is heaviest. Princess will inform passengers and crew of that sea birds should no be fed in the Park, including reminders in the Princess Patter on the day before and the day of calls in Glacier Bay. Princess ships will maintain a minimum distance of 100 yards from seabird nesting colonies.

Princess utilizes heavy, washable plastic plates and drink containers to minimize the chance of these items being blown off the deck. Information to crew and passengers stresses the importance of preventing litter from being discarded from the ship, especially in Glacier Bay. Use of ping pong balls and other deck sports activities is restricted in Glacier Bay. Balloons, or other decorative items are not used, nor are activities that require these type of items scheduled during visits to Glacier Bay.

Music and outside deck announcements, or other similar noise are kept to a minimum except for the PA announcements by the Park Interpreters.

Princess does not use helicopters in Glacier Bay, except as may be required for emergency evacuations.

We believe these specific efforts, when combined with Princess' overall comprehensive environmental policies and management practices, will assure environmental protection while in Glacier Bay.

1. Do you offer to provide baseline data from your vessel(s), such as stack emission opacity or noise levels?

Yes

No

If yes, describe in detail the nature and format of the data, procedures for data submission and constraints, if any, for data use or distribution.

Princess proposes to monitor real time opacity data as previously described in this Application. We believe that this can provide a valuable tool for the ships' technical crew to achieve minimum exhaust smoke emission. This can be the most effective approach to accomplishing the goal of protecting air quality in Glacier Bay.

CRITERION 6A. THE OFFEROR'S PAST RECORD RELATED TO MARINE CASUALTIES, VIOLATION NOTICES AND FOOD SERVICE SANITATION.

The past record of marine casualties, violation notices and food service sanitation reports for each cruise ship must be included in the offeror's proposal. If there is less than a complete record for the time period described for any ship included in the proposal, establish a record for the company as a whole by providing the information requested for the company, including all cruise ships operated by the company.

1. Has the offeror had any reportable marine casualties (as defined by USCG regulations), including but not limited to grounding, loss of primary propulsion, collision, flooding, capsizing, fire, explosion, loss of life or reportable injury for the period beginning three years prior to the date this prospectus was issued through the present⁴? If yes, submit a copy of the official report (US. Coast Guard or other), except for injuries (submit a brief summary, including reason for each injury).

Yes

No

REGAL PRINCESS

September 11, 1995 – While under direction of an Alaska compulsory pilot, the Regal Princess made an unintentional touching of the floating dock and shoreside structures, during berthing maneuvers in Ketchikan, Alaska harbor.

January 26, 1998 – On approach to the Port of St. Thomas, USVI, while preparing to embark the pilot, the Regal Princess grounded lightly, sustaining minor damage to the bottom plating. The ship resumed the voyage and docked safely.

There were no injuries as a result of the foregoing incidents.

Please see attachment 6.A.1 for copies of the Coast Guard reports.

2. Has the offeror received citations for notices of violation received from, or criminal information or indictments filed by local, state, or federal authorities in the United States, regardless of the outcome, for the period beginning three years prior to the date this prospectus was issued through the present? If yes, submit a copy of the citation, indictment, etc., and an explanation of the violation, settlement penalty (if any), and any corrective actions taken by the offeror.

Yes

No

⁴ Information which comes to the attention of the National Park Service for the period of time after a prospectus is issued but prior to the actual award of a permit will be considered in the selection process.

CUSTOMS PENALTIES

For the period June 22, 1995 through June 22, 1998, the following penalties, for minor violations of the Passenger Vessel Services Act, were assessed by U.S. Customs against the following vessels:

CROWN PRINCESS

July 6, 1995 - A \$200 penalty was assessed when a passenger embarked in Seward, and disembarked in Ketchikan.

August 2, 1995 – An \$800 penalty was assessed when four passengers embarked in Seward, and disembarked in Juneau.

August 16, 1995 – An \$800 penalty was assessed when three passengers embarked in Seward, and disembarked in Juneau.

August 21, 1996 – A \$400 penalty was assessed when 2 passengers embarked in Seward, and disembarked in Juneau.

September 4, 1996 – A \$400 penalty was assessed when 2 passengers embarked in Seward, and disembarked in Juneau.

REGAL PRINCESS

August 24, 1995 – A \$200 penalty was assessed when a passenger embarked in Seward and disembarked in Juneau.

SUN PRINCESS

September 10, 1997 – A \$400 penalty was assessed when 2 passengers embarked in Seward, and disembarked in Juneau.

OTHER PENALTY:

REGAL PRINCESS – (While in Drydock at Portland, OR in May 1996)

In May of 1996, penalties were assessed against Regal Princess for certain Customs' paperwork deficiencies due to clerical errors made by Princess' local customs broker. Based on the petitions and documentation presented, Customs canceled all penalties upon payment of a fee of \$100 for each cancellation.

IMMIGRATION PENALTIES

For the period June 22, 1995 through June 22, 1998, the following penalties were assessed against Princess vessels by The Immigration and Naturalization Service. Many were the result of actions that were beyond Princess Cruises' control:

CROWN PRINCESS

October 13, 1995 – (Key West, Florida) Due to a hurricane, the vessel made an emergency call at Key West. A penalty was assessed when the vessel failed to provide the INS with the proper departure manifest for certain crew members. When notice of the penalty was received, Princess immediately provided the manifest list along with a written appeal for remission of the penalty. The penalty was terminated by the INS.

December 29, 1995 (Port Everglades) – A \$3,000 penalty was assessed when a passenger was not in possession of the proper multiple-entry visa.

REGAL PRINCESS

February 8, 1996 (St. Croix) – A \$6,000 penalty was assessed when 2 crew members disembarked in St. Croix to join another Princess vessel in Aruba. Although the crew members were properly presented to Immigration, they were in possession of D1 visas. At the time the D1s were issued, Princess was assured by the issuing authority that they were the proper type of visas. In fact, they should have been issued D2 visas. Princess requested remission of the fine. The fine was reduced to \$3,000.

February 8, 1996 (St. Croix) – A \$3,000 penalty was assessed when a Mexican passenger was in possession of a valid passport, but not the proper alien registration card.

DAWN PRINCESS

May 28, 1997 (Los Angeles) – A \$6,000 penalty was assessed when 2 Canadian passengers failed to present themselves for Immigration inspection upon disembarkation.

October 24, 1997 (St. Thomas) – A \$3,000 penalty was assessed when a Mexican National was traveling with a valid passport, and an expired visa.

It is Princess Cruises' policy not to allow passengers to book a segment of a cruise that would violate the Passenger Services Act. Accordingly, the above penalties were primarily a result of the undisclosed or emergent itinerary needs of our passengers. Princess also has a policy of not allowing persons on board who do not have the proper immigration documents. Accordingly, Princess has programs in place, and continues to review its procedures in order to prevent the assessment of the foregoing types of penalties.

Please see Attachment 6.A.2 for copies of the relevant documentation

3. Has the offeror received any unsatisfactory food service sanitation inspection reports from the U.S. Public Health Service for the period beginning two years prior to the date this prospectus was issued through the present? If yes, submit the reports for these inspections and a summary of any corrective actions taken by the offeror

Yes

No

CRITERION 6B NONE

PRINCIPAL FACTOR 3. THE OFFEROR 'S FINANCIAL CAPABILITY

CRITERION 7A. THE OFFEROR DEMONSTRATES THAT NEEDED FUNDING (EQUITY AND/OR BORROWED) IS AVAILABLE AND IS DEMONSTRATED TO BE SUPPORTABLE WITHIN THE INCOME STATEMENT AND BALANCE SHEETS REQUIRED.

1. We attach copies of the 1997 audited published account of P&O together with the 1997 unaudited accounts of PCI and PCLI.

PCI and PCLI are not required to publish accounts and thus do not issue accounts which are certified by auditors. However, the accounts of P&O include a consolidation of the results of P&O.

2. As a major public company quoted on the U.K. Stock Exchange with a market capitalization of approximately 5.4 Billion Pounds (\$8.8 Billion U.S.Dollars), P&O generates significant amounts of cash from its operations and has access to a wide range of funding from international banks and other financial institutions.
3. Princess Cruises will obtain any necessary funding, over and above that generated by their own existing businesses, or from their parent company, P&O.

CRITERION 7B. NONE.

SECONDARY FACTOR(S). FRANCHISE FEE OFFERED ABOVE THE MINIMUM

CRITERION 8A. NONE

CRITERION 8B. A FRANCHISE FEE ABOVE THE LEVEL REQUIRED AT CRITERION 3A IS OFFERED.

A franchise fee offer above the required level will be a secondary factor as explained by the terms of PL89-249 (and Public Law 104-333, Section 704, below⁵). Secondary factors will be used in the evaluation of offers when a selection of the best offer cannot otherwise be made from the results of evaluating the three primary factors. Public Law 89-249, Section 3(d) and 36 CFR Part 51.4b(3), (Both are included in the Appendix) provides guidance as to franchise fees.

1. Do you propose to offer a franchise fee above the level required at Criterion 3A?

Yes

No

Not Applicable. Under current law, franchise fees are limited to \$5.00 per passenger for permittees, such as Princess, with vessels providing overnight accommodations for at least 500 passengers.

2. If yes, state the total franchise fee that you propose. Express this as a per passenger fee.

Year Per Passenger Fee

2000 \$
 2001 \$
 2002 \$
 2003 \$
 2004 \$

⁵Public Law 104-333, Section 704, states: "Fees paid by certain permittees for the privilege of entering into Glacier Bay shall not exceed \$5 per passenger. For the purposes of this subsection, 'certain permittee' shall mean a permittee which provides overnight accommodations for at least 500 passengers for an itinerary of at least 3 nights". Therefore, the NPS may not be able to accept a higher franchise fee from applicants who fit the definition of 'certain permittee', but may accept such an offer from other applicants.



United States Department of the Interior

NATIONAL PARK SERVICE

Glacier Bay National Park and Preserve
P.O. Box 140
Gustavus, Alaska 99826-0140

IN REPLY REFER TO:

C38

December 4, 1998

Princess Cruises, Inc.
Attention: Mr. Peter Ratcliff
10100 Santa Monica Boulevard, 18th Floor
Los Angeles, CA 90067

Dear Mr. Ratcliff:

This letter is to advise you that your June 22, 1998 offer to provide cruise ship services was not the best offer. As detailed in the prospectus, as a satisfactory incumbent operator you now have an opportunity to amend your proposal in order to meet the terms of the best offer. Your submittal amending your proposal must be received at the address shown above by January 6, 1999 in order to be considered in the final selection process. *Include with your submission, a certified statement that the information you provide is to be incorporated into your original proposal.*

Elements of the best proposal. You will need to amend your offer to substantially meet the elements listed below by specifically stating how you would meet each element.

The best proposal:

1. Offered reference materials to be available in the ship's library as follows: At least 32 *specific* books directly related to the natural and cultural history of Glacier Bay and the surrounding region. This included adult and children's books directly related to park themes and the region's natural and cultural history.
2. Offered to provide an onboard interpretive specialist to assist with the National Park Service (NPS) Interpretive program while in Glacier Bay and provide visitor and employee programs related to the park prior to arrival. The specific program elements would be subject to NPS approval and may (at NPS discretion) involve NPS training sessions for offeror interpretive staff at offeror expense.

3. Offered to provide an onboard youth program (coordinated with the NPS Interpretive program) which could include age-appropriate videos, activities and games aimed at increasing understanding and appreciation of Glacier Bay's natural and cultural history.
4. Offered to provide (on ships with television/video available in each cabin) programming oriented towards the natural and cultural history of Southeast Alaska.
5. Offered to carry enough sorbant boom on each ship to fully encircle the vessel.
6. Offered to provide stack emission data as follows: "...(The offerors) ships are (to be) equipped with 2 opacity meters and recorders. One records main engine exhaust and the other emissions for boilers and incinerators. Each recorder receipts up to five inputs to provide perspective on emissions density over time. These records on opacity can then be time matched to GPS position printouts to provide NPS with the desired baseline data."
7. Offered to provide vessel sound signature information as follows: "...(Offeror will) negotiate an arrangement with a highly qualified acoustical consultant that would enable NPS and ...(the offeror)... to obtain baseline data on one of the newly permitted vessels operating in Glacier Bay. This effort would consist of the following elements. Task 1: Conduct a radiated noise signature of the vessel and perform onboard vibration tests. The consultant supplies engineers, instrumentation and analysis. The work is done in Glacier Bay by deploying an array of hydrophones from a small chase boat and taking range data. The minimum water depth needs to be 100 meters. A minimum of two hydrophones will be deployed at depths of 25' and 1 50'. Task 2: Use diagnostic data from Task I to identify radiating sources and paths of transmission as the basis for potential noise abatement procedures. The consultant will provide the potential change in noise signature for various abatement scenarios. Task 3: The consultant will compare data with information obtained from prior studies involving naval and commercial vessels. This information will also be compared to data on noise studies regarding whales. Combined this information will provide a yardstick with which to measure technology required for quieter vessels. The proposed consultant has years of experience working with both governmental and private concerns (including the U.S. Navy) in the design of vessels and other facilities with a view towards minimizing noise. ... (The consultant) is (to be) uniquely

qualified to take that data and, if reducing noise is necessary, make proposals that will have actual positive results."

Procedures we will use in applying preferences can be found in the prospectus document. Please contact Chief of Concessions Management, Dave Nemeth, at (907-697-2230) if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Tomie Patrick Lee". The signature is written in dark ink and is positioned above the typed name.

Tomie Patrick Lee
Superintendent

VIA EXPRESS MAIL

Label No.: E1761412525US

December 28, 1998

Tomie Patrick Lee
Superintendent
Glacier Bay National Park and Preserve
P.O. Box 140
Gustavus, AK 99826-0140

RECEIVED
JAN 04 1999
GLACIER BAY NATIONAL PARK
& PRESERVE

Subject: Princess Cruises' Amendment of Proposal to Meet
Terms of the Best Offer; Your Ref: C38

Dear Superintendent Lee:

This Amendment of Proposal to Meet Terms of the Best Offer (hereafter "Amendment of Proposal") is in response to your letter of December 4, 1998 (Ref. C38), which advises that Princess Cruises, Inc. ("Princess Cruises") has the opportunity to amend its original proposal of June 22, 1998, to meet the terms of the best offer.

Princess Cruises hereby amends its original proposal of June 22, 1998, to provide cruise ship services in Glacier Bay National Park & Preserve so as to meet the terms of the best offer by fully meeting the terms of each of the seven elements identified in your December 4 letter, which amendment hereby includes, without limitation, the following:

1. Princess Cruises will have available reference materials in the ship's library as follows: At least 32 specific books directly related to the natural and cultural history of Glacier Bay and the surrounding region. This will include adult and children's books directly related to park themes and the region's natural and cultural history. The materials that will be made available will include at least those listed on Attachment A of this letter or other materials chosen with consultation and approval of the NPS.
2. Princess Cruises will provide an onboard interpretive specialist to assist with the National Park Service (NPS) Interpretive program while in Glacier Bay and provide visitor and employee programs related to the park prior to arrival. The specific program elements would be subject to NPS approval and may (at NPS discretion) involve NPS training sessions for Princess Cruises' interpretive staff at Princess Cruises' expense.

Glacier Bay National Park & Preserve

December 28, 1998

Page 2

3. Princess Cruises will provide an onboard youth program (coordinated with the NPS Interpretive program) which could include age-appropriate videos, activities, and games aimed at increasing understanding and appreciation of Glacier Bay's natural and cultural history.
4. Princess Cruises will provide (on ships with television/video available in each cabin) programming oriented towards the natural and cultural history of Southeast Alaska. The programming will be shown in vessel cabins via the closed circuit television channels during times convenient for passenger viewing. The programming that will be made available will include at least those listed on Attachment B of this letter or other materials chosen with consultation and approval of the NPS.
5. Princess Cruises will carry enough sorbant boom on each ship to fully encircle the vessel.

Princess Cruises hereby amends its original proposal with respect to Criterion 5B, Question 1, to delete the check mark in the "No" box and replace it with a check mark in the "Yes" box. The description of the baseline data to be provided shall be as set forth in items 6 and 7 below:

6. Princess Cruises will provide stack emission data as follows: Princess Cruises' ships are to be equipped with 2 opacity meters and recorders. One records main engine exhaust and the other emissions for boilers and incinerators. Each recorder receipts up to five inputs to provide perspective on emissions density over time. These records on opacity can then be matched to GPS position printouts to provide NPS with the desired baseline data.
7. Princess Cruises will provide vessel sound signature information as follows: Princess Cruises will negotiate an arrangement with a highly qualified acoustical consultant that would enable NPS and Princess Cruises to obtain baseline data on one of the newly permitted vessels operating in Glacier Bay. This effort would consist of the following elements:
Task 1. Conduct a radiated noise signature of the vessel and perform onboard vibration tests. The consultant supplies engineers, instrumentation and analysis. The work is done in Glacier Bay by deploying an array of hydraphones from a small chase boat and taking range data. The minimum water depth needs to be 100 meters. A minimum of two hydraphones will be deployed at depths of 25' and 150'.

Task 2. Use diagnostic data from Task 1 to identify radiating sources and paths of transmission as the basis for potential noise abatement procedures.

Glacier Bay National Park & Preserve

December 28, 1998

Page 3

The consultant will provide the potential change in noise signature for various abatement scenarios.

Task 3. The consultant will compare data with information obtained from prior studies involving naval and commercial vessels. This information will also be compared to data on noise studies regarding whales. Combined this information will provide a yardstick with which to measure technology required for quieter vessels.

The proposed consultant will have years of experience working with both governmental and private concerns (including the U.S. Navy) in the design of vessels and other facilities with a view towards minimizing noise, or will be chosen with consultation and approval of the NPS. The consultant is to be uniquely qualified to take this data and, if reducing noise is necessary, make proposals that will have actual positive results.

We hereby certify that the information provided herein is true to the best of our knowledge and belief and is incorporated into our original proposal, submitted June 22, 1998.

Sincerely,

By:



Peter G. Ratcliffe

December 28, 1998
Date

Title: President

Address: Princess Cruises, Inc.
10100 Santa Monica Boulevard
Los Angeles, CA 90067-4189

CERTIFICATE OF CORPORATE OFFICER

I, Anthony H. Kaufman, certify that I am the Secretary of Princess Cruises, Inc.; that Peter G. Ratcliffe, who signed this Amendment of Proposal was then President of Princess Cruises, Inc., that this Amendment of Proposal was duly signed for and in behalf of Princess Cruises, Inc. by authority of its governing body within the scope of its corporate powers.



Anthony H. Kaufman, Secretary

PRINCESS CRUISES' AMENDMENT OF PROPOSAL

ATTACHMENT A – REFERENCE MATERIALS

REFERENCE

TITLE/AUTHOR

Interpreting For Park Visitors/William J. Lewis
Glacier Bay Official National Park Handbook/NPS
The Tlingit Indians/George T. Emmons
Blue Ice in Motion, The Story of Alaska's Glaciers/Stacy Wiley
Glaciers of North America, A Field Guide/Sue A. Ferguson
The Nature of Southeast Alaska/O'Clair, Armstrong and Carstensen
Guide to Marine Mammals of Alaska/Kate Wynne
Field Guide to the Birds of North America/National Geographic Society
Plants of the Pacific Northwest Coast
Alaskan Native Cultures
Washington, Oregon, British Columbia & Alaska/Poljar and Mackinnon
National Geographic Society Field Guide of Birds to No. America/Jane R. McCauley
Alaska's Southeast: Touring the Inside Passage/Mike Miller and Sarah Eppenbach
Alaska's Glacier Bay
Mammals of Alaska
Alaska Bear Tales
Alaska Almanac
Alaska Almanac & Gazette
Alaska A-Z Milepost
Whales and Dolphins
Grizzly Bear
Klondike Gold Rush
Alaska Yukon Wilderness
Alaska Sport Fishing
Walking Guide to Southeast Alaska/Chase

LITERATURE

TITLE

Alaska Michner
Best of Robert Service
Coming into the Country
Last New Land Series
Readers' Companion to Alaska

CHILDREN'S TITLE

Welcome to the World of Whales
Welcome to the World of Wolves
Welcome to the World of Bears
Welcome to the World of Other

PRINCESS CRUISES' AMENDMENT OF PROPOSAL

ATTACHMENT B – PROGRAMMING

GENERAL PROGRAMS:

1. Glacier Bay National Park
2. Alaska Inside Passage
3. Alaska The Last Frontier
4. Alaska's Grizzlies
5. Alaska's Wild Denali
6. Denali Wilderness
7. Adventures of Monty the Moose
8. Glacier Bay NPS Ranger Interview/Presentation (Live)

SKYRIVER FILMS:

9. Glacier Bay & The Biggest Bears
10. Traveling the Inside Passage
11. Discovering Alaska

NATIONAL GEOGRAPHIC SPECIALS:

12. Alaska
13. Braving Alaska
14. Antarctic: Wildlife Adventure
15. Arctic Kingdom: Life at the Edge
16. Wolves of the Sea
17. Yukon Passage

DISCOVERY CHANNEL PROGRAMS:

18. Travelers (Series) - includes Alaska, British Columbia, etc.

OTHER NATURE FILMS AND SHOWS:

19. Lost Kingdom of the Maya
20. Australia's Aborigines
21. RainForest
22. Panama Wild
23. Puma: Lion of Andes
24. Cats: Caressing the Tiger
25. Secret Gardens (Series)
26. Special: Wolves at Our Door
27. Living Tides of Fundy