Seaspan CORP
Form 424B5
February 06, 2014
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying base prospectus are not an offer to sell these securities, and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY 6, 2014

PROSPECTUS SUPPLEMENT

(To Prospectus dated August 19, 2013)

Shares

Seaspan Corporation

% Series E Cumulative Redeemable Perpetual

Preferred Shares

(Liquidation Preference $25 Per Share)

We are offering of our % Series E Cumulative Redeemable Perpetual Preferred Shares, par value $0.01 per share, liquidation preference $25.00 per share (the Series E Preferred Shares).

Dividends on the Series E Preferred Shares will be cumulative from the date of original issue and will be payable quarterly in arrears on the 30th day of January, April, July and October of each year, when, as and if declared by our board of directors. The initial dividend on the Series E Preferred Shares offered hereby will be payable on April 30, 2014. Dividends will be payable out of amounts legally available therefor at an initial rate equal to % per annum of the stated liquidation preference.

At any time on or after February , 2019, the Series E Preferred Shares may be redeemed, in whole or in part, out of amounts legally available therefor, at a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared.

We intend to apply to have the Series E Preferred Shares listed on The New York Stock Exchange. Currently, there is no public market for the Series E Preferred Shares.

Investing in our Series E Preferred Shares involves a high degree of risk. Our Series E Preferred Shares have not been rated. Please read Risk Factors beginning on page S-15 of this prospectus supplement and page 4 of the accompanying base prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	**Total**
Public Offering Price	$	$
Underwriting Discount and Commissions(1)	$	$
Proceeds to Us (Before Expenses)	$	$

(1) We have granted the underwriters an option for a period of 30 days to purchase an additional Series E Preferred Shares. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be $, and total proceeds to us before expenses will be $.

Delivery of the Series E Preferred Shares is expected to be made in book entry form through the facilities of The Depository Trust Company on or about February , 2014.

Joint Book-Running Managers

BofA Merrill Lynch **Morgan Stanley** **UBS Investment Bank** **Citigroup**

Joint Lead Managers

Credit Suisse **Deutsche Bank Securities**

Co-Managers

Barclays	**Incapital**	**Ladenburg Thalmann & Co. Inc.**	**Maxim Group LLC**

February , 2014

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying base prospectus, which gives more general information, some of which may not apply to this offering. Generally, when we refer to the prospectus, we are referring to both parts combined. If information in the prospectus supplement conflicts with information in the accompanying base prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Any statement so modified or superseded will be deemed not to constitute a part of this prospectus except as so modified or superseded.

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of the Series E Preferred Shares in any state or jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus or the information that is incorporated by reference herein is accurate as of any date other than its respective date.

Unless we otherwise specify, when used in this prospectus supplement, the terms Seaspan, the Company, we, our and us refer to Seaspan Corporation and its subsidiaries, except that when such terms are used in this prospectus supplement in reference to the Series E Preferred Shares, they refer specifically to Seaspan Corporation. References to our Manager are to Seaspan Management Services Limited and its wholly-owned subsidiaries, which provide us with all of our technical, administrative and strategic services, and which we acquired in January 2012.

References to shipbuilders are as follows:

SHIPBUILDER	REFERENCE
CSBC Corporation, Taiwan	CSBC
Hyundai Heavy Industries Co., Ltd.	HHI
Jiangsu New Yangzi Shipbuilding Co., Ltd.	New Jiangsu
Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd.	Jiangsu Xinfu

References to customers are as follows:

CUSTOMER	REFERENCE
China Shipping Container Lines (Asia) Co., Ltd.(1)	CSCL Asia
Compañia Sud Americana De Vapores S.A.	CSAV
COSCO Container Lines Co., Ltd.(2)	COSCON
Hanjin Shipping Co., Ltd.	Hanjin
Hapag-Lloyd AG	Hapag-Lloyd
Hapag-Lloyd USA, LLC	HL USA

Kawasaki Kisen Kaisha Ltd.	K-Line
Mediterranean Shipping Company S.A.	MSC
Mitsui O.S.K. Lines, Ltd.	MOL
Yang Ming Marine Transport Corp.	Yang Ming Marine

(1) A subsidiary of China Shipping Container Lines Co., Ltd., or CSCL.
(2) A subsidiary of China COSCO Holdings Company Limited.

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Prospectus Supplement

Base Prospectus

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SUMMARY

This summary highlights important information contained elsewhere in this prospectus supplement and the accompanying base prospectus. You should carefully read this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference to understand fully our business and the terms of our Series E Preferred Shares, as well as tax and other considerations that are important to you in making your investment decision. You should consider carefully the Risk Factors section beginning on page S-15 of this prospectus supplement and on page 4 of the accompanying base prospectus to determine whether an investment in our Series E Preferred Shares is appropriate for you. Unless otherwise indicated, all references in this prospectus supplement to dollars and $ are to, and amounts are presented in, U.S. Dollars, and financial information presented in this prospectus supplement is prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. When used in this prospectus supplement, the term 2013 ROFR Vessels refers to the five 10000 TEU vessels we ordered in September 2013 and the one 10000 TEU vessel we ordered in December 2013. The 2013 ROFR Vessels are scheduled for delivery in 2015 and remain subject to allocation under our right of first refusal agreement with Greater China Intermodal Investments LLC, or GCI, which is our investment partnership established with an affiliate of global asset manager The Carlyle Group, or Carlyle, and others. For purposes of this prospectus supplement and unless otherwise set forth herein, we have assumed that, following allocation under the right of first refusal, we will own three of the vessels and GCI will own the remaining three vessels. The ultimate allocation of the vessels between us and GCI may differ from our assumption.

Our Company

We are a leading independent charter owner and manager of containerships, which we charter primarily pursuant to long-term, fixed-rate time charters with major container liner companies. We operate a fleet of 71 containerships (including eight vessels under long-term leases), and we have entered into contracts for the purchase of an additional 16 newbuilding containerships, which have scheduled delivery dates through May 2016. Of our 16 newbuilding containerships, 13 will commence operation under long-term, fixed- rate charters upon delivery. We expect to enter into long-term charter contracts for the remaining newbuilding containerships in the near future. The average age of the 71 vessels in our operating fleet is approximately seven years.

Customers for our current operating fleet are COSCON, CSAV, CSCL Asia, HL USA, Hapag-Lloyd, K-Line, MSC and MOL. The customers for the 13 newbuilding containerships that are subject to charter contracts are Hanjin, MOL and Yang Ming Marine. Our primary objective is to continue to grow our business through accretive vessel acquisitions as market conditions allow.

We primarily deploy our vessels on long-term, fixed-rate time charters to take advantage of the stable cash flow and high utilization rates that are typically associated with long-term time charters. The charters on the

71 vessels in our operating fleet have an average remaining term of approximately five years, excluding the effect of charterers options to extend certain time charters.

In January 2012, we acquired our Manager, which provides us with all of our technical, administrative and strategic services. Our Manager also manages a limited number of vessels for third and related parties.

New Vessel Contracts

Our primary objective is to continue to grow our business through accretive vessel acquisitions focused on increasing cash flow as market conditions allow.

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We have contracted to purchase 16 newbuilding containerships, which have scheduled delivery dates through May 2016. These vessels consist of the following, excluding the 2013 ROFR Vessels:

Vessel	Vessel Class (TEU)	Length of Time Charter[1]	Charterer	Scheduled Delivery Date	Shipbuilder
Hull No. 983	10000	10 years + one 2-year option	Hanjin	2014	New Jiangsu
Hull No. 985	10000	10 years + one 2-year option	Hanjin	2014	Jiangsu Xinfu
Hull No. 993	10000	10 years + one 2-year option	Hanjin	2014	New Jiangsu
Hull No. 1006	10000	8 years + one 2-year option	MOL	2014	New Jiangsu and Jiangsu Xinfu
Hull No. 1008	10000	8 years + one 2-year option	MOL	2014	New Jiangsu and Jiangsu Xinfu
Hull No. 2638	14000	10 years + one 2-year option	Yang Ming Marine	2015	HHI
Hull No. 2640	14000	10 years + one 2-year option	Yang Ming Marine	2015	HHI
Hull No. 2642	14000	10 years + one 2-year option	Yang Ming Marine	2015	HHI
Hull No. 2643	14000	10 years + one 2-year option	Yang Ming Marine	2015	HHI
Hull No. 2645	14000	10 years + one 2-year option	Yang Ming Marine	2015	HHI
Hull No. 2647	14000	10 years + one 2-year option	Yang Ming Marine	2015	HHI
Hull No. 1037	14000	Minimum 6 years to maximum of 10 years + one 2-year option	Yang Ming Marine	2016	CSBC
Hull No. 1039	14000	Minimum 6 years to maximum of 10 years + one 2-year option	Yang Ming Marine	2016	CSBC

(1) Each charter is scheduled to begin upon delivery of the vessel to the charterer.

The 2013 ROFR Vessels are 10000 TEU vessels which will be built by shipbuilders New Jiangsu and Jiangsu Xinfu and are scheduled for delivery in 2015.

The following chart indicates the estimated number of owned, leased and managed vessels in our fleet based on scheduled delivery dates as of January 31, 2014, including the 2013 ROFR Vessels:

	Scheduled for the year ended December 31,		
	2014	2015	2016
Owned and leased vessels, beginning of year	71	76	85
Deliveries	5	9	2
Total, end of year	**76**	**85**	**87**
Managed vessels, beginning of year	2	6	15

Deliveries	4	9	3
Total, end of year	**6**	**15**	**18**
Total Fleet	**82**	**100**	**105**
Approximate Total Capacity (TEU)	**513,500**	**733,500**	**803,500**

Market Opportunity

We believe that there is an opportunity for shipowners with access to capital to acquire vessels at attractive prices and employ them in a manner that will generate attractive returns on capital and is accretive to cash flow. Due to the financial constraints of shipowners and lower rates of growth in global trade, orders for newbuilding containerships, as a percentage of the global fleet, have declined since peaking in 2008. The current orderbook represents approximately 21.6% of global fleet capacity and is heavily weighted towards larger post-panamax vessels greater than 8000 TEU. We believe demand for large fuel-efficient ships will remain strong as container liner companies seek to reduce costs and achieve operating efficiencies, creating opportunities for shipowners with the necessary operational and financial capabilities.

We intend to continue to expand our fleet primarily through entering into newbuilding contracts with shipyards, but believe that there will also be select opportunities to acquire existing or newbuilding vessels from other shipowners, shipbuilders due to defaulting purchasers under construction contracts, or banks and other lessors that may acquire vessels upon borrower or lessee defaults. We believe we are well positioned to take advantage of current market opportunities. We believe that we will be able to fund the remaining payments for the containerships that we have contracted to purchase through the availability under our credit facilities, including future credit facilities, current cash balances and operating cash flow.

We may seek to undertake additional acquisitions of high-quality newbuilding or secondhand vessels through asset or business acquisitions, and we regularly consider potential opportunities. In evaluating these opportunities, we consider, among other things, the size of the vessels and the tenor of the related time charters relative to those in our existing fleet. We anticipate that we would fund the purchase price for any secondhand vessels we may acquire primarily through the assumption of debt, with the balance funded through borrowings under our existing credit facilities, cash, other financings or a combination thereof. There is no assurance that we will be able to acquire any of the containerships opportunities we are evaluating.

Our Competitive Strengths

We believe that we possess a number of competitive strengths that will allow us to capitalize on the opportunities in the containership industry, including the following:

Scale, Diversity and High Quality of Our Fleet. We are one of the largest independent charter owners and managers of containerships and believe that the size of our fleet appeals to our customers and provides us cost savings through volume purchases and leverage in negotiating newbuilding contracts and accessing shipyard berths. Our operating fleet of 71 containerships has an average age of approximately seven years, which is significantly below the industry average of approximately 10 years. Our newbuilding containerships also will be subject to our high standards for design, construction quality and maintenance. The vessels in our current operating fleet range in size from 2500 TEU to 13100 TEU, and our 13100 TEU containerships are among the largest containerships in operation. All of our newbuilding containerships under construction are 10000 TEU and 14000 TEU containerships. We believe that our operational cost savings and leverage with shipyards is further enhanced by our investment in GCI.

Strong, Long-Term Relationships with High-Quality Customers, Including Leading Asian Container Liner Companies. We have developed strong relationships with our customers, which include leading container liner companies. We believe we are the largest charterer of containerships to China, and we anticipate that Asian demand for containerships will continue to rebound and grow following the recent worldwide economic downturn. We attribute the strength of our customer relationships in part to our consistent operational quality, customer oriented service and historical average utilization of approximately 99% since our initial public offering, or IPO, in 2005.

Enhanced Stability of Cash Flows Through Long-Term, Fixed-Rate Time Charters. Our vessels are primarily subject to long-term, fixed-rate time charters, which have an average remaining term of approximately five years. As a result, substantially all of our revenue is protected from the volatility of spot rates and short-term charters. To further promote cash flow stability, we have primarily placed newbuilding orders and purchased secondhand vessels when we have concurrently entered into long-term time charters with our customers. As at January 31, 2014, excluding the 2013 ROFR

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Vessels and any extensions of our time charters, we had an aggregate of approximately $6.0 billion of contracted future minimum revenue under existing fixed-rate time charters and interest income from sales-type capital leases. Our commercial arrangements allow Yang Ming Marine to reduce the number of newbuilding containerships to be delivered to us and chartered to Yang Ming Marine by up to three vessels. These commercial arrangements expire in August 2014. The contracted time charter revenue attributable to these three vessels is approximately $0.5 billion.

Proven Ability to Source Capital for Growth. Since our IPO in 2005, we have successfully accessed capital to grow our fleet. Including our IPO, we have raised approximately $2.4 billion in public and private issuances of equity securities. In addition, we have secured credit and lease facilities with aggregate outstanding borrowings and commitments of $4.7 billion as of September 30, 2013. We also accessed capital during the recent worldwide economic downturn, including raising preferred share equity and entering into sale-leaseback financings. As of September 30, 2013, assuming three of the six recent 10000 TEU vessel orders are allocated to us pursuant to our right of first refusal with GCI, we had total remaining capital expenditures of approximately $1.4 billion relating to 16 newbuilding containerships. We expect to fund our remaining capital expenditures for these newbuilding vessels with our cash, availability under credit facilities associated with the newbuilding vessels and new debt financing that we expect to arrange in advance of vessel deliveries. We intend to continue to access existing capital, and to seek new sources of capital, to cost-effectively maintain and grow our fleet over the long term.

Significant Delivered Fleet Growth. We have significantly grown our fleet since our IPO in August 2005. At that time, we had an operating fleet of 10 vessels with another 13 vessels on order, aggregating 116,950 TEU. We now have 71 vessels in operation and 16 newbuilding containerships on order, aggregating 606,300 TEU, an increase since our IPO of 418% in TEU capacity. The aggregate capacity of these 16 newbuilding vessels that we have contracted to purchase, with scheduled delivery dates through May 2016, represents approximately 46% of the aggregate capacity of our vessels currently in operation. We believe that our longstanding relationships with key constituents in the containership industry, including container liner companies, shipbuilders and shipping banks, as well as our investment in GCI, will enable us to continue sourcing newbuilding and secondhand vessel acquisition opportunities at terms attractive to us.

Experienced Management. Our chief executive officer, chief operating officer and chief financial officer have over 60 years of combined professional experience in the shipping industry, and they have experience managing shipping companies through several economic cycles. The members of our management team have prior experience with many companies in the international ship management industry, such as China Merchants Group, Neptune Orient Lines, APL Limited, Safmarine Container Lines and Columbia Ship Management, and provide expertise across commercial, technical, financial and other functional management areas of our business. The acquisition of our Manager in January 2012 provides us direct control over these functions.

Our Business Strategies

We seek to continue to expand our business and increase our cash flow by employing the following business strategies:

Pursuing Long-Term, Fixed-Rate Charters. We intend to continue to primarily employ our vessels under long-term, fixed-rate charters, which contribute to the stability of our cash flows. In addition, container liner companies typically employ long-term charters for strategic expansion into major trade routes, while using spot charters for shorter term discretionary needs. To the extent container liner companies expand their services into major trade routes, we believe we are well positioned to participate in their growth.

Expanding and Diversifying Our Customer Relationships. Since our IPO, we have increased our customer base from two to 10 customers and have expanded our revenue from existing customers. We intend to continue to expand our existing customer relationships and to add new customers to the extent container liner companies increase their use of chartered-in vessels to add capacity in their existing trade routes and establish new trade routes. We believe that we will benefit from the expected growth of worldwide container shipping demand, especially in certain markets that we believe have high growth potential, such as Asia, where we have strong customer relationships. We also believe that our experience in working with container liner companies to provide ship design, construction supervision and chartering services will improve our ability to secure new customers.

Actively Acquiring Newbuilding and Secondhand Vessels. We have increased, and intend to further increase, the size of our fleet through selective acquisitions of new and secondhand containerships that we believe will be accretive to our cash flow. We believe that entering into newbuilding contracts will continue our long-term fleet growth and provide modern vessels to our customers. In addition, we intend to continue to selectively consider any nearer-term growth opportunities to acquire high-quality secondhand vessels, primarily either with existing long-term charters or where we can enter into long-term charters concurrently with the acquisitions. We also intend to consider appropriate (a) partnering opportunities that would allow us to seek to capitalize on opportunities in the newbuilding and secondhand markets with more modest investments, and (b) business acquisitions, as well as the potential sale of any older vessels in our fleet as part of fleet renewal.

Maintaining Efficient Capital Structure. We intend to pursue a financial strategy that aims to preserve our financial flexibility and achieve a low cost of capital so that we may take advantage of acquisition and expansion opportunities in the future while also meeting our existing obligations.

An investment in our Series E Preferred Shares involves risks. Our growth depends on our ability to make accretive vessel acquisitions, expand existing and develop new relationships with charterers and obtain new charters. Substantial competition may hamper our business strategy. Our growth also depends upon continued growth in demand for containerships. A reduction in demand for containerships, increased competition or an inability to make accretive vessel acquisitions may lead to reductions and volatility in charter hire rates and profitability. In addition, we may be unable to realize expected benefits from acquisitions, and implementing our growth strategy through acquisitions may harm our business, financial condition, operating results and ability to pay dividends on or redeem our Series E Preferred Shares. Before investing in our Series E Preferred Shares, you should consider carefully the factors set forth in the section of this prospectus entitled Risk Factors beginning on page S-15 of this prospectus supplement and on page 4 of the accompanying base prospectus.

Recent Developments

Newbuilding Containership Order

On December 27, 2013, we entered into a shipbuilding contract for one 10000 TEU newbuilding containership to be constructed by either New Jiangsu or Jiangsu Xinfu. This vessel is scheduled for delivery in 2015. We expect to sign a long-term time charter for this vessel with one of the major container liner companies in the near future. Along with the other 2013 ROFR Vessels, this vessel remains subject to allocation under our right of first refusal agreement with GCI.

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$1.0 Billion Credit Facility Refinancing

On December 23, 2013, we entered into an agreement to extend and refinance our $1.0 billion credit facility, or the Facility. Under the terms of the amended Facility, which became effective on January 31, 2014, the maturity date was extended from May 2015 to May 2019, and the outstanding amount of the Facility was reduced to approximately $435 million and now bears interest at market rates. In January 2014, we funded this reduction in principal by drawing $340 million under existing credit facilities, one of which is secured by certain vessels that were pledged as collateral under the Facility, and approximately $260 million of cash on hand.

$125 Million Unsecured Non-Amortizing Loan Facility

On December 30, 2013, we entered into a five-year $125 million, non-amortizing, fixed-rate unsecured loan agreement with a privately held global financial services firm. We intend to use the proceeds of this loan for general corporate purposes.

Conversion of Series A Preferred Shares and Resignation and Appointment of Directors

On January 30, 2014, our 200,000 outstanding Series A preferred shares automatically converted into a total of 23,177,175 Class A common shares. Please read Certain Relationships and Related Party Transactions Series A Preferred Share Offering. Based on the closing price of our Class A common shares on January 30, 2014, the issuance of these additional Class A common shares increased our market capitalization by approximately $500 million, for an aggregate common share market capitalization of over $2.0 billion.

Prior to conversion, the holders of our Series A preferred shares had the right to appoint up to two directors to our board of directors. The Series A preferred shareholders appointed George H. Juetten to the board of directors and he has served as a director since July 2009 and as chair of the audit committee since September 2009. Upon conversion of the Series A preferred shares and termination of the right of the Series A preferred shareholders to appoint Mr. Juetten to our board of directors, (a) David Lyall resigned as a Class I director, (b) the board of directors was expanded to nine members, (c) Mr. Lyall became a Class III director to fill the vacancy arising from the expansion of the board of directors and will serve as a director until the 2014 annual meeting of shareholders and (d) Mr. Juetten became a Class I director to fill the vacancy arising from Mr. Lyall s resignation as a Class I director and will serve as a director until the 2015 annual meeting of shareholders. Please read Management Directors and Officers for certain biographical information about Mr. Juetten and Mr. Lyall.

Results of Special Meeting of Shareholders

We held a special meeting of shareholders on January 28, 2014 to vote on separate proposals to amend our articles of incorporation to (a) increase the number of our authorized shares of preferred stock from 65,000,000 to 150,000,000, with a corresponding increase in the number of authorized shares of capital stock from 290,000,100 to 375,000,100, and (b) declassify the board of directors and provide for the annual election of all directors. The proposal to increase the number of our authorized shares of preferred stock and capital stock was approved by shareholders at the meeting; the proposal to declassify the board of directors was not approved by shareholders.

Carlyle Shipping-Focused Investment Vehicle

In March 2011, we invested in GCI, which intends to invest up to $900 million equity capital in containership assets, primarily newbuilding vessels strategic to the People s Republic of China, Taiwan, Hong Kong and Macau, or Greater China. We believe that the combination of our expertise and relationships in the containership market and Carlyle s financial resources, global business network and access to capital enhance our ability to take advantage of growth opportunities in the containership market.

Although pricing has recently been increasing, we believe there exists significant excess capacity in Asian shipyards, and that, as a result of this excess capacity, shipyards are willing to provide pricing and design concessions for large newbuilding construction orders in the near term. The size of these orders likely exceeds the size of orders we would be able or willing to make on our own. As a result, we view our participation in GCI as a means of diversifying our capital sources and cost-effectively expanding our fleet. We believe that the combined scale of our business with GCI allows us to realize volume discounts for newbuilding orders, negotiate design improvements from shipyards and obtain more attractive vessel financing than we would otherwise be able to achieve on our own, thereby creating a competitive advantage for us. In addition, we believe we will benefit from additional operational economies of scale as we manage GCI s existing and, once delivered, newbuilding vessels.

We believe that all of GCI s containership investment opportunities identified by Gerry Wang, our chief executive officer and the chairman of the board of managers of GCI, will be subject to our right of first refusal agreement with GCI. We may exercise this right until March 31, 2015, unless it is terminated earlier as the result of certain triggering events, including if we exercise this right for more than 50% of the aggregate vessels subject to the right prior to specified dates. In addition, we have rights of first offer relating to certain containerships that GCI may propose to sell or dispose of.

GCI will invest up to $900 million equity capital in containership assets, of which we committed up to $100 million. We currently have an ownership interest in GCI of approximately 10% and, as of September 30, 2013, our investment in GCI totaled approximately $4.9 million. Since GCI s formation, we have ordered 32 newbuilding vessels and four existing vessels, of which 15 have been allocated to us and 15 to GCI and the six 2013 ROFR Vessels remain subject to allocation in relation to the right of first refusal agreement with GCI. For additional information about GCI and the right of first refusal, please read Certain Relationships and Related Party Transactions Our Investment in Carlyle Containership-Focused Investment Vehicle.

Corporate Information

We are a Marshall Islands corporation incorporated on May 3, 2005. We maintain our principal executive offices at Unit 2, 7th Floor, Bupa Centre, 141 Connaught Road West, Hong Kong, China. Our telephone number is (852) 2540-1686. We maintain a website at www.seaspancorp.com. The information on our website is not part of this prospectus, and you should rely only on the information contained in this prospectus and the documents we incorporate by reference herein when making a decision as to whether to invest in the Series E Preferred Shares. Our agent for service of process is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, Delaware 19711.

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THE OFFERING

Issuer	Seaspan Corporation
Securities Offered	of our % Series E Cumulative Redeemable Perpetual Preferred Shares, par value $0.01 per share, liquidation preference $25.00 per share, plus up to an additional shares if the underwriters exercise in full their option to purchase additional shares.
	For a detailed description of the Series E Preferred Shares, please read Description of Series E Preferred Shares.
Price per Share	$
Conversion; Exchange and Preemptive Rights	The Series E Preferred Shares will not have any conversion or exchange rights and will not be entitled to preemptive rights.
Dividends	Dividends on the Series E Preferred Shares will accrue and be cumulative from the date that the Series E Preferred Shares are originally issued and will be payable on each Dividend Payment Date (as defined below) when, as and if declared by our board of directors or any authorized committee thereof out of legally available funds for such purpose.
Dividend Payment Dates	January 30, April 30, July 30 and October 30, commencing April 30, 2014 (each, a Dividend Payment Date).
Dividend Rate	The dividend rate for the Series E Preferred Shares will be % per annum per $ of liquidation preference per share (equal to $ per share per annum).
Ranking	The Series E Preferred Shares will represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. The Series E Preferred Shares will rank:

senior to all classes of our common shares (which currently consist of the Class A common shares) and to each other class or series of capital stock established after the original issue date of the Series E Preferred Shares that is not expressly made senior to, or on parity with, the Series E Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary, or Junior Securities;

pari passu with our existing Series C preferred shares and Series D preferred shares and any other class or series of capital stock established after the original issue date of the Series E Preferred Shares that is not expressly subordinated or senior to the Series E Preferred Shares as to the payment of dividends and amounts

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payable upon liquidation, dissolution or winding up, whether voluntary or involuntary, or Parity Securities; and

junior to all of our indebtedness and other liabilities with respect to assets available to satisfy claims against us and each class or series of capital stock expressly made senior to the Series E Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (such senior capital stock being referred to as Senior Securities).

No dividend may be declared or paid or set apart for payment on any Junior Securities (other than a dividend payable solely in shares of Junior Securities) unless (a) full cumulative dividends have been or contemporaneously are being paid or provided for on all outstanding Series E Preferred Shares and any Parity Securities (including the Series C preferred shares and the Series D preferred shares) through the most recent respective dividend payment dates and (b) we are in compliance with the Net Worth to Preferred Stock Ratio described in Description of Series E Preferred Shares Net Worth Covenant. Accumulated dividends in arrears for any past dividend period may be declared by our board of directors and paid on any date fixed by our board of directors, whether or not a Dividend Payment Date, to holders of the Series E Preferred Shares on the record date for such payment, which may not be more than 60 days, nor less than 15 days, before such payment date. Subject to the next succeeding sentence, if all accumulated dividends in arrears on all outstanding Series E Shares and any Parity Securities (including the Series C preferred shares and the Series D preferred shares) have not been declared and paid, or sufficient funds for the payment thereof have not been set apart, payment of accumulated dividends in arrears will be made in order of their respective dividend payment dates, commencing with the earliest. If less than all dividends payable with respect to all Series E Preferred Shares and any Parity Securities (including the Series C preferred shares and the Series D preferred shares) are paid, any partial payment will be made pro rata with respect to the Series E Preferred Shares and any Parity Securities (including the Series C preferred shares and the Series D preferred shares) entitled to a dividend payment at such time in proportion to the aggregate amounts remaining due in respect of such shares at such time. Holders of the Series E Preferred Shares will not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends.

Optional Redemption

At any time on or after February , 2019, we may redeem, in whole or in part, the Series E Preferred Shares at a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. Any such redemption would be effected only out of funds legally available for such purpose. We must provide not less than 15 days and not more than 60 days written notice of any such redemption.

Voting Rights

Holders of the Series E Preferred Shares generally have no voting rights. However, if and whenever dividends payable on the Series E Preferred Shares are in arrears for six or more quarterly periods, whether or not consecutive, holders of Series E Preferred Shares (voting together as a class with all other classes or series of Parity Securities upon which like voting rights have been conferred and are exercisable, including holders of our Series C preferred shares and our Series D preferred shares) will be entitled to elect one additional director to serve on our board of directors, and the size of our board of directors will be increased as needed to accommodate such change (unless the size of our board of directors already has been increased by reason of the election of a director by holders of Parity Securities upon which like voting rights have been conferred and with which the Series E Preferred Shares voted as a class for the election of such director). The right of such holders of Series E Preferred Shares to elect a member of our board of directors will continue until such time as all accumulated and unpaid dividends on the Series E Preferred Shares have been paid in full.

Unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series E Preferred Shares, voting as a single class, we may not adopt any amendment to our Amended and Restated Articles of Incorporation, or Articles of Incorporation, that adversely alters the preferences, powers or rights of the Series E Preferred Shares.

In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series E Preferred Shares, voting as a class together with holders of any other Parity Securities upon which like voting rights have been conferred and are exercisable (including holders of our Series C preferred shares and our Series D preferred shares), we may not (a) issue any Parity Securities if the cumulative dividends payable on outstanding Series E Preferred Shares are in arrears or (b) create or issue any Senior Securities.

Net Worth Covenant

We will be subject to a covenant with respect to the Series E Preferred Shares requiring that we maintain a Net Worth to Preferred Stock Ratio of at least 1.00. We will not declare, pay or set apart for payment any cash dividend on any Junior Securities unless we are in compliance with such covenant.

For a description of this ratio and for related defined terms, please read Description of Series E Preferred Shares Net Worth Covenant.

Fixed Liquidation Price	In the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, holders of the Series E Preferred Shares will have the right to receive the liquidation preference of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of payment,

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whether or not declared, before any payments are made to holders of our common stock or any other Junior Securities.

Sinking Fund

The Series E Preferred Shares are not subject to any sinking fund requirements.

Use of Proceeds

We intend to use the net proceeds of the sale of the Series E Preferred Shares, which are expected to total approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional shares), for general corporate purposes, which may include funding vessel acquisitions. Please read Use of Proceeds.

Ratings

The securities will not be rated by any nationally recognized statistical rating organization.

Listing

We intend to file an application to list the Series E Preferred Shares on The New York Stock Exchange, or NYSE. If the application is approved, trading of the Series E Preferred Shares on NYSE is expected to begin within 30 days after the original issue date of the Series E Preferred Shares. The underwriters have advised us that they intend to make a market in the Series E Preferred Shares prior to commencement of any trading on NYSE. However, the underwriters will have no obligation to do so, and no assurance can be given that a market for the Series E Preferred Shares will develop prior to commencement of trading on NYSE or, if developed, will be maintained.

Tax Considerations

We believe that all or a portion of the distributions you would receive from us with respect to your Series E Preferred Shares would constitute dividends. If you are an individual citizen or resident of the United States or a U.S. estate or trust and meet certain holding period requirements, such dividends would be expected to be taxable as qualified dividend income that is taxable at preferential capital gains tax rates. Any portion of your distribution that is not treated as a dividend will be treated first as a non-taxable return of capital to the extent of your tax basis in your Series E Preferred Shares and, thereafter, as capital gain. In addition, there are other tax matters you should consider before investing in the Series E Preferred Shares, including our tax status as a non-U.S. issuer. Please read Material United States Federal Income Tax Considerations, Non-United States Tax Considerations and Risk Factors Tax Risks.

Form

	The Series E Preferred Shares will be issued and maintained only in book-entry form registered in the name of the nominee of The Depository Trust Company, or DTC, except under limited circumstances.
Settlement	Delivery of the Series E Preferred Shares offered hereby will be made against payment therefor on or about February , 2014.

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Risk Factors	An investment in our Series E Preferred Shares involves risks. You should consider carefully the factors set forth in the section of this prospectus entitled Risk Factors beginning on page S-15 of this prospectus supplement and on page 4 of the accompanying base prospectus to determine whether an investment in our Series E Preferred Shares is appropriate for you.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table presents, in each case for the periods and as at the dates indicated, our summary historical financial and operating data.

The summary historical consolidated financial data has been prepared on the following basis:

The historical consolidated financial data as at December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 is derived from our audited consolidated financial statements and the notes thereto, which are contained in our Annual Report on Form 20-F for the year ended December 31, 2012, filed with the Securities and Exchange Commission, or the SEC, on March 19, 2013, and incorporated by reference into this prospectus.

The historical consolidated financial data as at December 31, 2010 is derived from our audited consolidated financial statements and the notes thereto, which are contained in our Annual Report on Form 20-F for the year ended December 31, 2011, filed with the SEC on March 26, 2012.

The historical consolidated financial data as at and for the nine months ended September 30, 2013 and 2012 is derived from our unaudited interim consolidated financial statements and the notes thereto, which are contained in our Reports on Form 6-K filed with the SEC on November 1, 2013 and November 9, 2012, and incorporated by reference into this prospectus.

The following table should be read together with, and is qualified in its entirety by reference to, our financial statements and the notes thereto incorporated by reference into this prospectus, as well as the notes to the table in the section of this prospectus entitled Selected Historical Consolidated Financial and Operating Data. Certain information has been reclassified to conform with the financial statement presentation adopted in 2012.

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	2010	**2011**	**2012**	**2012**	**2013**
Statements of operations data (in thousands of dollars):					
Revenue	$ 407,211	$ 565,610	$ 660,794	$ 491,011	$ 505,102
Operating expenses:					
Ship operating	108,098	135,696	138,655	101,715	111,607
Depreciation and amortization	101,026	140,354	165,541	122,742	128,929
General and administrative	9,612	16,818	24,617	18,139	27,437
Operating lease			3,145	2,035	3,290
(Gain) loss on vessels		16,237	(9,773)	(9,773)	
Operating earnings	188,475	256,505	338,609	256,153	233,839
Other expenses (income):					
Interest expense	28,801	50,849	71,996	54,663	45,873

Interest income	(60)	(854)	(1,190)	(928)	(1,246)
Undrawn credit facility fee	4,515	4,282	1,516	1,348	1,798
Amortization of deferred charges	1,933	3,421	8,574	5,643	7,230
Change in fair value of financial instruments[1]	241,033	281,027	135,998	132,607	(51,791)
Equity loss on investment		1,180	259	217	117
Other expenses			151	281	1,059
Net earnings (loss)	$ (87,747)	$ (83,400)	$ 121,305	$ 62,322	$ 230,799

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	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	2010	2011	2012	2012	2013
Earnings (loss) per share:					
Class A common share, basic	$ (1.70)	$ (2.04)	$ 0.84	$ 0.18	$ 2.66
Class A common share, diluted	(1.70)	(2.04)	0.81	0.18	2.30
Statements of cash flows data (in thousands of dollars):					
Cash flows provided by (used in):					
Operating activities	$ 153,587	$ 239,864	$ 311,183	$ 223,968	$ 225,719
Financing activities	529,680	832,293	(181,364)	(216,176)	(131,342)
Investing activities[2]	(782,448)	(625,253)	(229,564)	(226,415)	(307,506)
Selected balance sheet data (at period end, in thousands of dollars):					
Cash and cash equivalents[2]	$ 34,219	$ 481,123	$ 381,378	$ 262,500	$ 168,249
Current assets[2]	46,764	519,998	463,930	344,391	388,013
Vessels[3]	4,210,872	4,697,249	4,863,273	4,904,089	4,957,938
Total assets	4,377,228	5,447,716	5,650,853	5,570,579	5,683,842
Long-term debt	2,396,771	2,995,729	3,090,944	3,097,132	3,110,500
Share capital[4]	691	838	804	772	818
Total shareholders equity	989,736	1,183,425	1,218,567	1,098,194	1,400,886
Other data:					
Number of vessels in operation at period end	55	65	69	69	71
TEU capacity at period end	265,300	352,700	405,100	405,100	414,300
Fleet utilization rate[5]	98.7%	99.3%	98.9%	99.1%	97.9%

(1) All of our interest rate swap agreements and swaption agreements are marked to market and the changes in the fair value of these instruments are recorded in earnings.
(2) The balance sheet and cash flow data for 2012 and for the nine months ended September 30, 2012 has been recast to separately present balances of and movement in restricted cash, included in other assets, from cash and cash equivalents. This reclassification, which is immaterial, had no impact on the consolidated statement of operations data.
(3) Vessel amounts include the net book value of vessels in operation and deposits on vessels under construction.
(4) For a description of our capital stock, please read Description of Capital Stock.
(5) Fleet utilization is based on the number of operating days divided by the number of ownership days during the period.

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RISK FACTORS

Any investment in our Series E Preferred Shares involves a high degree of risk. You should consider carefully the information contained in this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference into this document before making an investment in our Series E Preferred Shares. If any of these risks were to occur, our business, financial condition, operating results or our ability to pay dividends could be harmed, which may reduce our ability to pay dividends or redeem, and lower the trading price of, our Series E Preferred Shares. You may lose all or part of your investment. In addition, we are subject to the following risks and uncertainties:

Risks of Investing in our Series E Preferred Shares

We may not have sufficient cash from our operations to enable us to pay dividends on or to redeem our Series E Preferred Shares following the payment of expenses.

Although dividends on the Series E Preferred Shares will be cumulative, our board of directors must approve the actual payment of the dividends. We will pay quarterly dividends on our Series E Preferred Shares from funds legally available for such purpose when, as and if declared by our board of directors. Our board of directors can elect at any time or from time to time, and for an indefinite duration, not to pay any or all accumulated dividends. Our board of directors could do so for any reason. We may not have sufficient cash available each quarter to pay dividends. In addition, we may have insufficient cash available to redeem our Series E Preferred Shares. The amount of dividends we can pay or the amount we can use to redeem Series E Preferred Shares depends upon the amount of cash we generate from and use in our operations, which may fluctuate significantly based on, among other things:

- the rates we obtain from our charters or recharters and the ability of our customers to perform their obligations under their time charters;
- the level of our operating costs;
- the number of off-charter or unscheduled off-hire days for our fleet and the timing of, and number of days required for, dry-docking of our containerships;
- delays in the delivery of new vessels and the beginning of payments under charters relating to those ships;
- prevailing global and regional economic and political conditions;
- the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business;

changes in the basis of taxation of our activities in various jurisdictions;

our ability to service and refinance our current and future indebtedness;

our ability to raise additional debt and equity to satisfy our capital needs; and

our ability to draw on our existing credit facilities and the ability of our lenders and lessors to perform their obligations under their agreements with us.

The amount of cash we will have available for dividends on or to redeem our Series E Preferred Shares will not depend solely on our profitability.

The actual amount of cash we will have available for dividends or to redeem our Series E Preferred Shares also depends on many factors, including, among others:

- changes in our operating cash flow, capital expenditure requirements, working capital requirements and other cash needs;
- restrictions under our existing or future credit and lease facilities or any future debt securities, including existing restrictions under our credit and lease facilities on our ability to declare or pay dividends if an event of default has occurred and is continuing or if the payment of the dividend would result in an event of default;
- the amount of any reserves established by our board of directors; and
- restrictions under Marshall Islands law, which generally prohibits the payment of dividends other than from surplus (i.e., retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

The amount of cash we generate from our operations may differ materially from our net income or loss for the period, which is affected by non-cash items, and our board of directors in its discretion may elect not to declare any dividends. As a result of these and the other factors mentioned above, we may pay dividends during periods when we record losses and may not pay dividends during periods when we record net income.

The Series E Preferred Shares represent perpetual equity interests.

The Series E Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. As a result, holders of the Series E Preferred Shares may be required to bear the financial risks of an investment in the Series E Preferred Shares for an indefinite period of time. In addition, the Series E Preferred Shares will rank junior to all our indebtedness and other liabilities, and to any senior securities we may issue in the future with respect to assets available to satisfy claims against us.

The Series E Preferred Shares are a new issuance and do not have an established trading market, which may negatively affect their market value and your ability to transfer or sell your shares. In addition, the lack of a fixed redemption date for the Series E Preferred Shares will increase your reliance on the secondary market for liquidity purposes.

The Series E Preferred Shares are a new issuance of securities with no established trading market. In addition, since the securities have no stated maturity date, investors seeking liquidity will be limited to selling their shares in the secondary market absent redemption by us. We intend to apply to list the Series E Preferred Shares on NYSE, but there can be no assurance that NYSE will accept the Series E Preferred Shares for listing. Even if the Series E Preferred Shares are approved for listing by NYSE, an active trading market on NYSE for the shares may not develop or, even if it develops, may not last, in which case the trading price of the shares of Series E Preferred Shares could be adversely affected and your ability to transfer your shares will be limited. If an active trading market does develop on NYSE, our Series E Preferred Shares may trade at prices lower than the offering price. The trading price of our Series E Preferred Shares will depend on many factors, including:

- prevailing interest rates;
- the market for similar securities;

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- general economic and financial market conditions;
- our issuance of debt or preferred equity securities; and
- our financial condition, results of operations and prospects.

The Series E Preferred Shares have not been rated, and ratings of any other of our securities may affect the trading price of the Series E Preferred Shares.

We have not sought to obtain a rating for the Series E Preferred Shares, and the shares may never be rated. It is possible, however, that one or more rating agencies might independently determine to assign a rating to the Series E Preferred Shares or that we may elect to obtain a rating of our Series E Preferred Shares in the future. In addition, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to the Series E Preferred Shares in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn (or if ratings for such other securities would imply a lower relative value for the Series E Preferred Shares), could adversely affect the market for, or the market value of, the Series E Preferred Shares. Ratings only reflect the views of the issuing rating agency or agencies and such ratings could at any time be revised downward or withdrawn entirely at the discretion of the issuing rating agency. A rating is not a recommendation to purchase, sell or hold any particular security, including the Series E Preferred Shares. Ratings do not reflect market prices or suitability of a security for a particular investor and any future rating of the Series E Preferred Shares may not reflect all risks related to us and our business, or the structure or market value of the Series E Preferred Shares.

Our Series E Preferred Shares will be subordinate to our debt and lease obligations, and your interests could be diluted by the issuance of additional shares of preferred stock, including additional Series E Preferred Shares, and by other transactions.

Our Series E Preferred Shares will be subordinate to all of our existing and future long-term debt and lease obligations. As of September 30, 2013, we had outstanding long-term debt and lease obligations of approximately $3.7 billion. Our existing long-term debt restricts, and our future long-term debt may include restrictions on, our ability to pay dividends to preferred shareholders. Our charter currently authorizes the issuance of up to 150 million shares of preferred stock in one or more classes or series. The issuance of additional preferred stock on a parity with or senior to our Series E Preferred Shares would dilute the interests of the holders of our Series E Preferred Shares, and any issuance of preferred stock senior to or on a parity with our Series E Preferred Shares or of additional long-term debt could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series E Preferred Shares. No provisions relating to our Series E Preferred Shares protect the holders of our Series E Preferred Shares in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, which might adversely affect the holders of our Series E Preferred Shares.

The Series E Preferred Shares will be junior to any Senior Securities and* pari passu *with our Series C preferred shares and Series D preferred shares.

Our Series E Preferred Shares will rank junior to any Senior Securities and pari passu with our existing Series C preferred shares and Series D preferred shares and any other class or series of capital stock established after the original issue date of the Series E Preferred Shares that is not expressly subordinated or senior to the Series E Preferred Shares as to the payment of dividends and amounts payable upon liquidation or reorganization. If less than all dividends payable with respect to the Series E Preferred Shares and any parity securities are paid, any partial payment shall be made pro rata with respect to shares of Series E Preferred Shares and any parity securities entitled to a dividend payment at such time in proportion to the aggregate amounts remaining due in respect of such shares at such time.

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Market interest rates may adversely affect the value of our Series E Preferred Shares.

One of the factors that will influence the price of our Series E Preferred Shares is the dividend yield on the Series E Preferred Shares (as a percentage of the price of our Series E Preferred Shares) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our Series E Preferred Shares to expect a higher dividend yield, and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Accordingly, higher market interest rates could cause the market price of our Series E Preferred Shares to decrease.

The Series E Preferred Shares are redeemable at our option.

We may, at our option, redeem some or all of the Series E Preferred Shares on and after February , 2019, to the extent we have funds legally available for such purpose. If we redeem your Series E Preferred Shares, you will be entitled to receive a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. It is likely that we would choose to exercise our optional redemption right only when prevailing interest rates have declined, which would adversely affect your ability to reinvest your proceeds from the redemption in a comparable investment with an equal or greater yield to the yield on the Series E Preferred Shares had the shares not been redeemed.

The amount of your liquidation preference is fixed and you will have no right to receive any greater payment.

The payment due upon liquidation is fixed at the liquidation preference of $25.00 per Series E Preferred Share, plus an amount equal to all accumulated and unpaid dividends thereon to the date of liquidation, whether or not declared. If, in the case of our liquidation, there are remaining assets to be distributed after payment of this amount, you will have no right to receive or to participate in these amounts. In addition, if the market price of your Series E Preferred Shares is greater than the liquidation preference, you will have no right to receive the market price from us upon our liquidation.

As a holder of Series E Preferred Shares you will have extremely limited voting rights.

Your voting rights as a holder of Series E Preferred Shares will be extremely limited and will be the same as those voting rights conferred upon a holder of Series C preferred shares or Series D preferred shares. Our common stock is the only class or series of our stock carrying full voting rights. Holders of the Series E Preferred Shares generally will have no voting rights. However, in the event that six quarterly dividends, whether consecutive or not, payable on Series E Preferred Shares or any other parity securities (including the Series C preferred shares or Series D preferred shares) are in arrears, the holders of Series E Preferred Shares will have the right, voting together as a class with all other classes or series of parity securities upon which like voting rights have been conferred and are exercisable (including holders of our Series C preferred shares and Series D preferred shares), to elect one additional director to serve on our board of directors, and the size of our board of directors will be increased as needed to accommodate such change (unless the size of our board of directors has already been increased by reason of the election of a director by holders of parity securities upon which like voting rights have been conferred and with which the Series E Preferred Shares voted as a class for the election of such director). The right of such holders of Series E Preferred Shares to elect a member of our board of directors will continue until such time as all accumulated and unpaid dividends on the Series E Preferred Shares have been paid in full. Certain other limited protective voting rights are described in this prospectus under Description of Series E Preferred Shares Voting Rights.

Our ability to pay dividends on and to redeem our Series E Preferred Shares is limited by the requirements of Marshall Islands law.

Marshall Islands law provides that we may pay dividends on and redeem the Series E Preferred Shares only to the extent that assets are legally available for such purposes. Legally available assets generally are limited to our surplus, which essentially represents our retained earnings and the excess of consideration received by us for the sale of shares above the par value of the shares. In addition, under Marshall Islands law we may not pay dividends on or redeem Series E Preferred Shares if we are insolvent or would be rendered insolvent by the payment of such a dividend or the making of such redemption.

Risks Inherent in Our Business

Our ability to obtain additional debt financing for future acquisitions of vessels may depend upon the performance of our then existing charters and the creditworthiness of our customers.

The actual or perceived credit quality of our customers, and any defaults by them, may materially affect our ability to obtain funds we may require to purchase vessels in the future or for general corporate purposes, or may significantly increase our costs of obtaining such funds. Our inability to obtain additional financing at attractive rates, if at all, could harm our business, results of operations, financial condition and ability to pay dividends on or redeem our Series E Preferred Shares.

We will be required to make substantial capital expenditures to complete the acquisition of our newbuilding containerships and any additional vessels we acquire in the future, which may result in increased financial leverage, dilution of our equity holders interests or decreased ability to pay dividends on or redeem our Series E Preferred Shares.

We have contracted to purchase an additional 16 newbuilding containerships with scheduled delivery dates through May 2016. The total purchase price of the 16 containerships remaining to be paid is estimated to be approximately $1.3 billion. Our obligation to purchase the 16 containerships is not conditional upon our ability to obtain financing for such purchases. We intend to significantly expand the size of our fleet beyond our existing contracted vessel program. The acquisition of additional newbuilding or existing containerships or businesses will require significant additional capital expenditures.

To fund existing and future capital expenditures, we intend to use cash from operations, incur borrowings, raise capital through the sale of additional securities, enter into other sale-leaseback or financing arrangements, or use a combination of these methods. Use of cash from operations may reduce cash available to pay dividends to our shareholders, including holders of our Series E Preferred Shares. Incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional equity securities may result in significant shareholder dilution, which, subject to the relative priority of our equity securities, could negatively affect our ability to pay dividends. Our ability to obtain or access bank financing or to access the capital markets for future debt or equity financings may be limited by our financial condition at the time of any such financing or offering and covenants in our credit facilities, as well as by adverse market conditions. To the extent that we enter into newbuilding or other vessel acquisition contracts prior to entering into charters for such vessels, our ability to obtain new financing for such vessels may be limited and we may be required to fund all or a portion of the cost of such acquisitions with our existing capital resources. Our failure to obtain funds for our capital expenditures at attractive rates, if at all, could harm our business, results of operations, financial condition and ability to pay dividends on or redeem our Series E Preferred Shares.

Over the long term, we will be required to make substantial capital expenditures to preserve the operating capacity of our fleet, which could negatively affect our ability to pay dividends on or redeem our Series E Preferred Shares.

We must make substantial capital expenditures over the long-term to preserve the operating capacity of our fleet. If we do not retain funds in our business in amounts necessary to preserve the operating capacity of our fleet, over the long-term our fleet and related charter revenues may diminish and we will not be able to continue to refinance our indebtedness or maintain our payment of dividends. As our fleet ages, we will likely need to retain additional funds, on an annual basis, to provide reasonable assurance of maintaining the operating capacity of our fleet over the long-term. There are several factors that will not be determinable for a number of years, but

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which our board of directors will consider in future decisions about the amount of funds to be retained in our business to preserve our capital base. To the extent we use or retain available funds for repairs, maintenance and to make capital expenditures to preserve the operating capacity of our fleet, there will be less funds available to pay dividends on or redeem our Series E Preferred Shares.

We may experience greater operating cost volatility as a result of the acquisition of our Manager.

In January 2012, we acquired our Manager. The acquisition of our Manager has increased our control over access to the services our Manager provides on a long-term basis. We previously paid fees to our Manager for technical services on a fixed basis, which fees were adjusted every three years. Technical services include managing crewing and day-to-day vessel operations, arranging general vessel maintenance, ensuring regulatory compliance and classification society compliance, purchasing stores, supplies, spares and lubricating oil, and attending to all other technical matters necessary to run our fleet. Prior to our acquisition of our Manager, we paid our Manager fixed fees for vessel construction supervision services. As a result of the acquisition of our Manager, our operating costs vary more directly with the actual cost, set by the market, of providing these services for our fleet. Our ship operating expenses have been increasing due primarily to higher crewing compensation costs and additional expenses as vessels age. Increased costs for technical services, including crewing, or construction supervision services could harm our business, results of operations, financial condition and ability to pay dividends on or redeem our Series E Preferred Shares.

Restrictive covenants in our credit and lease facilities and in our preferred shares impose financial and other restrictions on us, which may limit, among other things, our ability to borrow funds under such facilities and our ability to pay dividends on or redeem our Series E Preferred Shares.

To borrow funds under our credit facilities, we must, among other things, meet specified financial covenants. For example, under certain of our existing credit facilities, we are prohibited from incurring total borrowings in an amount greater than 65% of our total assets and we must also ensure that certain interest coverage, and interest and principal coverage ratios are met. Total borrowings and total assets are terms defined in our credit facilities and differ from those used in preparing our consolidated financial statements, which are prepared in accordance with U.S. GAAP. To the extent we are not able to satisfy the requirements in our credit facilities, we may not be able to borrow additional funds under the facilities, and if we are not in compliance with specified financial ratios or other requirements, we may be in breach of the facilities, which could require us to repay outstanding amounts. We may also be required to prepay amounts borrowed under our credit facilities if we, or in certain circumstances, our customers, experience a change of control.

Our credit and lease facilities impose operating and financial restrictions on us and require us to comply with certain financial covenants. These restrictions and covenants limit our ability to, among other things:

- pay dividends if an event of default has occurred and is continuing under one of our credit facilities or if the payment of the dividend would result in an event of default;

- incur additional indebtedness under the credit facilities or otherwise, including through the issuance of guarantees;

- create liens on our assets;

- sell our vessels without replacing such vessels or prepaying a portion of our loan; or

- merge or consolidate with, or transfer all or substantially all our assets to, another person.

Accordingly, we may need to seek consent from our lenders or lessors in order to engage in some corporate actions. The interests of our lenders or lessors may be different from ours, and we may be unable to obtain our lenders or lessors consent when and if needed. In addition, we are subject to covenants for our

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preferred shares. Please read Description of Capital Stock. If we do not comply with the restrictions and covenants in our credit or lease facilities or in our preferred shares, our business, results of operations, financial condition and ability to pay dividends on or redeem our Series E Preferred Shares will be harmed.

We may not be able to timely repay or be able to refinance indebtedness incurred under our credit and lease facilities.

We intend to finance a substantial portion of our fleet expansion with secured indebtedness drawn under our existing and future credit and lease facilities. We have significant repayment obligations under our credit and lease facilities, both prior to and at maturity. We recently entered into an agreement to extend and refinance the Facility. Please read Summary Recent Developments $1.0 Billion Credit Facility Refinancing. If we are not able to refinance outstanding indebtedness at an interest rate or on terms acceptable to us, or at all, we will have to dedicate a significant portion of our cash flow from operations to repay such indebtedness, which could reduce our ability to pay dividends on or redeem our Series E Preferred Shares or may require us to delay certain business activities or capital expenditures. If we are not able to satisfy these obligations (whether or not refinanced) under our credit or lease facilities with cash flow from operations, we may have to seek to restructure our indebtedness, undertake alternative financing plans (such as additional debt or equity capital) or sell assets, which may not be available on terms attractive to us or at all. If we are unable to meet our debt obligations, or if we otherwise default under our credit facilities, our lenders could declare all outstanding indebtedness to be immediately due and payable and foreclose on the vessels securing such indebtedness. The market value of our vessels, which fluctuates with market conditions, will also affect our ability to obtain financing or refinancing as our vessels serve as collateral for loans. Lower vessel values at the time of any financing or refinancing may reduce the amounts of funds we may borrow.

Our substantial debt levels and vessel lease obligations may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

As of September 30, 2013, we had approximately $3.1 billion outstanding under our credit facilities and capital lease obligations of approximately $621.7 million, including approximately $1.0 billion under the Facility, which we refinanced as of December 23, 2013. Please read Summary Recent Developments $1.0 Billion Credit Facility Refinancing. The amounts outstanding under our credit facilities and our lease obligations will further increase following the completion of our acquisition of the 16 newbuilding containerships that we have contracted to purchase. For the 16 newbuilding containerships that we have contracted to purchase, we have entered into additional credit facilities for six of the vessels and plan to enter into additional credit facilities or lease obligations to finance the remaining 10 vessels. Our level of debt and vessel lease obligations could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;

- we may need to use a substantial portion of our cash from operations to make principal and interest payments on our debt or make our lease payments, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to our shareholders;

- our debt level could make us more vulnerable to competitive pressures or a downturn in our business or the economy generally than our competitors with less debt; and

- our debt level may limit our flexibility in responding to changing business and economic conditions.

Our ability to service our debt and vessel lease obligations will depend upon, among other things, our financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our results of operations are not sufficient to service our current or future indebtedness and vessel lease obligations, we will be forced to take actions such as reducing dividends, reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt, or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms, or at all.

Future disruptions in global financial markets and economic conditions or changes in lending practices may harm our ability to obtain financing on acceptable terms, which could hinder or prevent us from meeting our capital needs.

Global financial markets and economic conditions were disrupted and volatile following the events of 2007 and 2008. During this time, the debt and equity capital markets became exceedingly distressed, and it was difficult generally to obtain financing and the cost of any available financing increased significantly. While markets have stabilized since this time, if global financial markets and economic conditions significantly deteriorate in the future, we may be unable to obtain adequate funding under our credit facilities because our lenders may be unwilling or unable to meet their funding obligations or we may not be able to obtain funds at the interest rate agreed in our credit facilities due to market disruption events or increased costs. Such deterioration may also cause lenders to be unwilling to provide us with new financing to the extent needed to fund our ongoing operations and growth. In addition, in recent years, the number of lenders for shipping companies has decreased and ship-funding lenders have generally lowered their loan-to-value ratios and shortened loan terms and accelerated repayment schedules. These factors may hinder our ability to access financing.

If financing or refinancing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be unable to implement our growth strategy, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could harm our business, results of operations, financial condition and ability to pay dividends on or redeem our Series E Preferred Shares.

The business and activity levels of many of our customers, shipbuilders and third parties with which we do business and their respective abilities to fulfill their obligations under agreements with us, including payments for the charter of our vessels, may be hindered by any deterioration in the credit markets.

Our current vessels are, and we anticipate that those that we acquire in the future will be, primarily chartered to customers under long-term time charters. Payments to us under those charters currently, and are expected to continue to, account for nearly all of our revenue. Many of our customers finance their activities through cash flow from operations, the incurrence of debt or the issuance of equity. During the recent financial and economic crises, there occurred a significant decline in the credit markets and the availability of credit and other forms of financing. Additionally, the equity value of many of our customers substantially declined during that period. The combination of a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under reserve-based credit facilities and the limited or lack of availability of debt or equity financing potentially reduced the ability of our customers to make charter payments to us. Any recurrence of the significant financial and economic disruption of the last few years could result in similar effects on our customers or other third parties with which we do business, which in turn could harm our business, results of operations, financial condition and ability to pay dividends on or redeem our Series E Preferred Shares.

Similarly, the shipbuilders with whom we have contracted to construct newbuilding vessels may be affected by future instability of the financial markets and other market conditions, including with respect to the fluctuating price of commodities and currency exchange rates. In addition, the refund guarantors under our shipbuilding contracts (which are banks, financial institutions and other credit agencies that guarantee, under certain circumstances, the repayment of installment payments we make to the shipbuilders), may also be negatively affected by adverse financial market conditions in the same manner as our lenders and, as a result, be unable or unwilling to meet their obligations to us due to their own financial condition. If our shipbuilders or

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refund guarantors are unable or unwilling to meet their obligations to us, this will harm our fleet expansion and may harm our business, results of operations, financial condition and ability to pay dividends on or redeem our Series E Preferred Shares.

We will be paying all costs for the newbuilding vessels that we have contracted to purchase, and have incurred borrowings to fund, in part, installment payments under the relevant shipbuilding contracts. If any of these vessels are not delivered as contemplated, we may be required to refund all or a portion of the amounts we borrowed.

The construction period currently required for a newbuilding containership similar to those we have ordered is approximately one year. For each of the newbuilding vessels that we have agreed to purchase, we are required to make certain payment installments prior to a final installment payment, which final installment payment generally is approximately 60-70% of the total vessel purchase price. We have entered into long-term credit facilities to partially fund the construction of our newbuilding vessels and plan to enter into additional credit facilities or lease obligations to fund the remaining vessels that we have contracted to purchase. We are required to make these payments to the shipbuilder and to pay the debt service cost under the credit facilities in advance of receiving any revenue under the time charters for the vessels, which commence following delivery of the vessels.

If a shipbuilder is unable to deliver a vessel or if we or one of our customers rejects a vessel, we may be required to repay a portion of the outstanding balance of the relevant credit facility. Such an outcome could harm our business, results of operations, financial condition and ability to pay dividends on or redeem our Series E Preferred Shares.

We derive our revenue from a limited number of customers, and the loss of any of such customers would harm our revenue and cash flow.

The following table shows, as at September 30, 2013, the number of vessels in our operating fleet that were chartered to our then nine customers and the percentage of our total containership revenue attributable to the charters with such customers for the nine months ended September 30, 2013:

CUSTOMER	**NUMBER OF VESSELS IN OUR OPERATING FLEET CHARTERED TO SUCH CUSTOMER**	**PERCENTAGE OF TOTAL REVENUE FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**
CSCL Asia	18	20.2%
COSCON	18	44.7%
K-Line	7	11.3%
Other	28	23.8%
Total	**71**	**100.0%**

The majority of our vessels are chartered under long-term time charters, and customer payments are our primary source of operating cash flow. The loss of any of these charters or any material decrease in payments thereunder could materially harm our business, results of operations, financial condition and ability to pay dividends on or redeem our Series E Preferred Shares.

Under some circumstances, we could lose a time charter or payments under the charter if:

the customer fails to make charter payments because of its financial inability, disagreements with us, defaults on a payment or otherwise;

at the time of delivery, the vessel subject to the time charter differs in its specifications from those agreed upon under the shipbuilding contract; or

- the customer exercises certain limited rights to terminate the charter, including (a) if the ship fails to meet certain guaranteed speed and fuel consumption requirements and we are unable to rectify the situation or otherwise reach a mutually acceptable settlement and (b) under some charters, if we undertake a change of control to which the customer does not consent or if the vessel is unavailable for operation for certain reasons for a specified period of time, or if delivery of a newbuilding is delayed for a prolonged period.

Any recurrence of the significant financial and economic disruption of the last few years could result in our customers being unable to make charter payments to us in the future or seeking to amend the terms of our charters. Any such event could harm our business, results of operations, financial condition and ability to pay dividends on or redeem our Series E Preferred Shares.

Our growth depends upon continued growth in demand for containerships.

Our growth will generally depend on continued growth and renewal in world and regional demand for containership chartering. The ocean-going shipping container industry is both cyclical and volatile in terms of charter hire rates and profitability. Short-term containership charter rates have fluctuated significantly during the last five years, and are expected to continue to fluctuate in the future. Fluctuations in containership charter rates result from changes in the supply and demand for vessel capacity which are driven by global fleet capacity and utilization and changes in the supply and demand for the major products internationally transported by containerships. The factors affecting the supply and demand for containerships, and the nature, timing and degree of changes in industry conditions are unpredictable.

Factors that influence demand for containership capacity include, among others:

- supply and demand for products suitable for shipping in containers;
- changes in global production of products transported by containerships;
- seaborne and other transportation patterns, including the distances over which container cargoes are transported and changes in such patterns and distances;
- the globalization of manufacturing;
- global and regional economic and political conditions;
- developments in international trade;
- environmental and other regulatory developments;
- currency exchange rates; and

- weather.

Factors that influence the supply of containership capacity include, among others:

- the number of newbuilding orders and deliveries;
- the extent of newbuilding vessel deferrals;
- the scrapping rate of containerships;
- newbuilding prices and containership owner access to capital to finance the construction of newbuildings;

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- charter rates and the price of steel and other raw materials;
- changes in environmental and other regulations that may limit the useful life of containerships;
- the number of containerships that are slow-steaming or extra slow-steaming to conserve fuel;
- the number of containerships that are idle;
- port congestion and canal closures; and
- demand for fleet renewal.

Our ability to recharter our containerships upon the expiration or termination of their current time charters and the charter rates payable under any renewal or replacement charters will depend upon, among other things, the then current state of the containership market. The time charter for one of our vessels that commenced in early November 2013 expired in early February 2014 and is currently off-charter. If charter rates are low when our existing time charters expire, we may be required to recharter our vessels at reduced rates or even possibly a rate whereby we incur a loss, which would harm our results of operations. Alternatively, we may determine to leave such vessels off-charter. The same issues will exist if we acquire additional vessels and seek to charter them under long-term time charter arrangements as part of our growth strategy.

The majority of our vessels are chartered to Chinese customers and some of our shipbuilders are based in China. The legal system in China is not fully developed and has inherent uncertainties that could limit the legal protections available to us, and the geopolitical risks associated with chartering vessels to Chinese customers and constructing vessels in China could harm our business, results of operations, financial condition and ability to pay dividends on or redeem our Series E Preferred Shares.

A total of 17 of the 87 vessels in our current or contracted fleet are chartered to CSCL Asia, and 18 vessels are chartered to COSCON. CSCL Asia and COSCON are subsidiaries of Chinese companies. Our vessels that are chartered to Chinese customers and our eight newbuilding vessels that are being constructed in China are subject to various risks as a result of uncertainties in Chinese law, including (a) the risk of loss of revenues, property or equipment as a result of expropriation, nationalization, changes in laws, exchange controls, war, insurrection, civil unrest, strikes or other political risks and (b) being subject to foreign laws and legal systems and the exclusive jurisdiction of Chinese courts and tribunals.

The Chinese legal system is based on written statutes and their legal interpretation by the standing Committee of the National People s Congress. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the Chinese government has been developing a comprehensive system of laws and regulations dealing with economic matters such as foreign investment, corpor