Seaspan CORP
Form 424B5
January 19, 2011
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-168938

The information in this preliminary prospectus supplement is not complete and may be changed. This 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,

Preliminary Prospectus Supplement dated January 19, 2011

PROSPECTUS SUPPLEMENT

(To Prospectus dated August 19, 2010)

Shares

% Series C Cumulative Redeemable Perpetual Preferred Shares

Seaspan Corporation

(Liquidation Preference $25 Per Share)

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

Dividends on the Series C Preferred Shares are 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, commencing April 30, 2011, when, as and if declared by our board of directors. Dividends will be payable out of amounts legally available therefor at an initial rate equal to % per annum of the stated liquidation preference, subject to adjustment as described in this prospectus supplement.

At any time on or after January 30, 2016, the Series C 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. If (i) we fail to comply with certain covenants (a Covenant Default), (ii) we experience certain defaults under any of our credit facilities (a Cross Default), (iii) four quarterly dividends payable on the Series C Preferred Shares are in arrears (a Dividend Payment Default) or (iv) the Series C Preferred Shares are not redeemed in whole by January 30, 2017 (a Failure to Redeem), the

dividend rate payable on the Series C Preferred Shares shall increase, subject to aggregate maximum rate per annum of 25% prior to January 30, 2016 and 30% thereafter, to a rate that is 1.25 times the dividend rate payable on the Series C Preferred Shares as of the close of business on the day immediately preceding the Covenant Default, Cross Default, Divided Payment Default or Failure to Redeem, as applicable, and on each subsequent Dividend Payment Date, the dividend rate payable shall increase to a rate that is 1.25 times the dividend rate payable on the Series C Preferred Shares as in effect as of the close of business on the day immediately preceding such Dividend Payment Date, until the Covenant Default, Cross Default or Dividend Payment Default is cured or the Series C Preferred Shares are no longer outstanding. Please read Description of Series C Preferred Shares Dividends Dividend Payment Dates Increase in Base Dividend Rate Following a Covenant Default, Cross Default, Dividend Payment Default or Failure to Redeem.

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

Investing in our Series C Preferred Shares involves a high degree of risk. Please read Risk Factors beginning on page S-20 of this prospectus supplement and page 5 of the accompanying base prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds (before expenses) to us	$	$

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.

The underwriters expect to deliver the Series C Preferred Shares in book entry form through the facilities of The Depository Trust Company on or about January , 2011.

Sole Book-Running Manager and Structuring Agent

BofA Merrill Lynch

Co-Managers

Citi **Credit Suisse** **Dahlman Rose & Company**

BNP PARIBAS **DnB NOR Markets**

January , 2011

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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 not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

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 C 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.

We expect that delivery of the Series C Preferred Shares will be made against payment therefor on or about the date specified on the cover page of this prospectus supplement, which will be the five business days following the date of this prospectus supplement (this settlement cycle being referred to as T+5). You should note that trading on the Series C Preferred Shares on the date of this prospectus supplement or the next business day may be affected by the T+5 settlement. Please read Underwriting.

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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 C Preferred Shares, as well as the 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-20 of this prospectus supplement and on page 5 of the accompanying base prospectus to determine whether an investment in our Series C 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 GAAP.

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 C 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.

Shipbuilders: References to Samsung are to Samsung Heavy Industries Co., Ltd. References to HHI are to Hyundai Heavy Industries Co., Ltd. References to HSHI are to Hyundai Samho Heavy Industries Co., Ltd., a subsidiary of HHI. References to Jiangsu are to Jiangsu Yangzijiang Shipbuilding Co., Ltd. References to New Jiangsu are to Jiangsu New Yangzi Shipbuilding Co., Ltd. References to Zhejiang are to Zhejiang Shipbuilding Co. Ltd. References to Odense-Lindo are to Odense-Lindo Shipyard Ltd. Samsung, HHI, HSHI, Jiangsu, New Jiangsu, Zhejiang and Odense-Lindo are commonly referred to as our shipbuilders.

Customers: References to CSCL Asia are to China Shipping Container Lines (Asia) Co., Ltd., a subsidiary of China Shipping Container Lines Co., Ltd., or CSCL. References to APM are to A.P. Møller-Mærsk A/S. References to HL USA are to Hapag-Lloyd USA, LLC, a subsidiary of Hapag-Lloyd, AG, or Hapag-Lloyd. References to COSCON are to COSCO Container Lines Co., Ltd., a subsidiary of China COSCO Holdings Company Limited. References to K-Line are to Kawasaki Kisen Kaisha Ltd. References to MOL are to Mitsui O.S.K. Lines, Ltd. References to CSAV are to Compañia Sud Americana De Vapores S.A. References to UASC are to United Arab Shipping Company (S.A.G.).

Our Company

We are a leading independent charter owner of containerships, which we charter primarily pursuant to long-term, fixed-rate time charters to major container liner companies. As of December 31, 2010, our operating fleet included 55 containerships (including one leased vessel), and we had entered into contracts for the purchase of an additional eight containerships and contracts to lease an additional six containerships, all of which are currently or will be under construction, and have scheduled delivery dates through April 2012.

Customers for our operating fleet are CSCL Asia, HL USA, APM, COSCON, CSAV, MOL, K-Line and UASC. Customers for the additional 14 newbuilding vessels will include K-Line and COSCON. 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. As of December 31, 2010, the charters on the 55 vessels in our operating fleet had an average remaining term of approximately seven years, excluding the effect of charterers options to extend certain time charters.

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Our Fleet

Our Operating Fleet

The following table summarizes key facts regarding our vessels as of December 31, 2010:

Vessel Name	Vessel Class (TEU)	Year Built	Charter Start Date	Charterer	Length of Time Charter	Daily Charter Rate (in thousands)
CSCL Zeebrugge	9600	2007	3/15/07	CSCL Asia	12 years	$ 34.0[1]
CSCL Long Beach	9600	2007	7/6/07	CSCL Asia	12 years	34.0[1]
CSCL Oceania	8500	2004	12/4/04	CSCL Asia	12 years + one 3-year option	29.8[2]
CSCL Africa	8500	2005	1/24/05	CSCL Asia	12 years + one 3-year option	29.5[2]
COSCO Japan	8500	2010	3/9/10	COSCON	12 years + three one-year options	42.9[3]
COSCO Korea	8500	2010	4/5/10	COSCON	12 years + three one-year options	42.9[3]
COSCO Philippines	8500	2010	4/24/10	COSCON	12 years + three one-year options	42.9[3]
COSCO Malaysia	8500	2010	5/19/10	COSCON	12 years + three one-year options	42.9[3]
COSCO Indonesia	8500	2010	7/5/10	COSCON	12 years + three one-year options	42.9[3]
COSCO Thailand	8500	2010	10/20/10	COSCON	12 years + three one-year options	42.9[3]
MOL Emerald	5100	2009	4/30/09	MOL	12 years	28.9
MOL Eminence	5100	2009	8/31/09	MOL	12 years	28.9
MOL Emissary	5100	2009	11/20/09	MOL	12 years	28.9
MOL Empire	5100	2010	1/8/10	MOL	12 years	28.9
Maersk Merritt [4]	4800	1989	11/6/06	APM	5 years + two 1-year options + one 2-year option	23.5[5]
Cap Victor	4800	1988	11/20/06	APM	5 years + two 1-year options + one 2-year option	23.5[5]
Cap York	4800	1989	12/6/06	APM	5 years + two 1-year options + one 2-year option	23.5[5]
Maersk Moncton [6]	4800	1989	12/22/06	APM	5 years + two 1-year options + one 2-year option	23.5[5]
Brotonne Bridge [7]	4500	2010	10/25/10	K-Line	12 years + two 3-year options	34.3[8]
CSAV Licanten [9]	4250	2001	7/3/01	CSCL Asia	10 years + one 2-year option	18.3[10]
CSCL Chiwan	4250	2001	9/20/01	CSCL Asia	10 years + one 2-year option	18.3[10]
CSCL Ningbo	4250	2002	6/15/02	CSCL Asia	10 years + one 2-year option	19.7[11]
CSCL Dalian	4250	2002	9/4/02	CSCL Asia	10 years + one 2-year option	19.7[11]
CSCL Felixstowe	4250	2002	10/15/02	CSCL Asia	10 years + one 2-year option	19.7[11]
CSCL Vancouver	4250	2005	2/16/05	CSCL Asia	12 years	17.0
CSCL Sydney	4250	2005	4/19/05	CSCL Asia	12 years	17.0
CSCL New York	4250	2005	5/26/05	CSCL Asia	12 years	17.0
CSCL Melbourne	4250	2005	8/17/05	CSCL Asia	12 years	17.0
CSCL Brisbane	4250	2005	9/15/05	CSCL Asia	12 years	17.0

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Vessel Name	Vessel Class (TEU)	Year Built	Charter Start Date	Charterer	Length of Time Charter	Daily Charter Rate (in thousands)
New Delhi Express	4250	2005	10/19/05	HL USA	3 years + seven 1-year extensions + two 1-year options(12)	18.0(13)
Dubai Express	4250	2006	1/3/06	HL USA	3 years + seven 1-year extensions + two 1-year options(12)	18.0(13)
Jakarta Express	4250	2006	2/21/06	HL USA	3 years + seven 1-year extensions + two 1-year options(12)	18.0(13)
Saigon Express	4250	2006	4/6/06	HL USA	3 years + seven 1-year extensions + two 1-year options(12)	18.0(13)
Lahore Express	4250	2006	7/11/06	HL USA	3 years + seven 1-year extensions + two 1-year options(12)	18.0(13)
Rio Grande Express	4250	2006	10/20/06	HL USA	3 years + seven 1-year extensions + two 1-year options(12)	18.0(13)
Santos Express	4250	2006	11/13/06	HL USA	3 years + seven 1-year extensions + two 1-year options(12)	18.0(13)
Rio de Janeiro Express	4250	2007	3/28/07	HL USA	3 years + seven 1-year extensions + two 1-year options(12)	18.0(13)
Manila Express	4250	2007	5/23/07	HL USA	3 years + seven 1-year extensions + two 1-year options(12)	18.0(13)
CSAV Loncomilla	4250	2009	4/28/09	CSAV	6 years	25.9
CSAV Lumaco	4250	2009	5/14/09	CSAV	6 years	25.9
CSAV Lingue	4250	2010	5/17/10	CSAV	6 years	25.9
CSAV Lebu	4250	2010	6/7/10	CSAV	6 years	25.9
UASC Madinah	4250	2009	7/1/10	UASC	2 years	20.5(14)
COSCO Fuzhou	3500	2007	3/27/07	COSCON	12 years	19.0
COSCO Yingkou	3500	2007	7/5/07	COSCON	12 years	19.0
CSCL Panama	2500	2008	5/14/08	CSCL Asia	12 years	16.8(15)
CSCL São Paulo	2500	2008	8/11/08	CSCL Asia	12 years	16.8(15)
CSCL Montevideo	2500	2008	9/6/08	CSCL Asia	12 years	16.8(15)
CSCL Lima	2500	2008	10/15/08	CSCL Asia	12 years	16.8(15)
CSCL Santiago	2500	2008	11/8/08	CSCL Asia	12 years	16.8(15)
CSCL San Jose	2500	2008	12/1/08	CSCL Asia	12 years	16.8(15)
CSCL Callao	2500	2009	4/10/09	CSCL Asia	12 years	16.8(15)
CSCL Manzanillo	2500	2009	9/21/09	CSCL Asia	12 years	16.8(15)
Guayaquil Bridge	2500	2010	3/8/10	K-Line	10 years	17.9
Calicanto Bridge	2500	2010	5/30/10	K-Line	10 years	17.9

(1) CSCL Asia has an initial charter of 12 years with a charter rate of $34,000 per day, increasing to $34,500 per day after six years.

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(2) CSCL Asia has an initial charter of 12 years with a charter rate of $29,500 per day for the first six years, $29,800 per day for the second six years, and $30,000 per day during the three-year option.

(3) COSCON has an initial charter of 12 years with a charter rate of $42,900 per day for the initial term and $43,400 per day for the three one-year options.

(4) The name of the MSC Sweden was changed to Maersk Merritt in May 2010 in connection with the termination of a sub-charter from APM to Mediterranean Shipping Company S.A.

(5) APM has an initial charter of five years at $23,450 per day, two consecutive one-year options to charter the vessel at $22,400 and $21,400 per day, respectively, and a final two-year option to charter the vessel at $20,400 per day.

(6) The name of the MSC Ancona was changed to Maersk Moncton in August 2010 in connection with the termination of a sub-charter of the vessel from APM to Mediterranean Shipping Company S.A.

(7) This vessel is leased pursuant to a lease agreement, which we used to finance the acquisition of the vessel.

(8) K-Line has an initial charter of 12 years with a charter rate of $34,250 per day for the first six years, increasing to $34,500 per day for the second six years, $37,500 for the first three-year option period and $42,500 for the second three-year option period.

(9) The name of the CSCL Hamburg was changed to CSAV Licanten in November 2010, in connection with a sub-charter from CSCL to CSAV.

(10) CSCL Asia has an initial charter of ten years with a charter rate of $18,000 per day for the first five years, $18,300 per day for the second five years, and $19,000 per day for the two-year option. CSCL Asia has exercised its option on the CSAV Licanten.

(11) CSCL Asia has an initial charter of ten years with a charter rate of $19,933 per day for the first five years, $19,733 per day for the second five years, and $20,500 per day for the two-year option.

(12) For these charters, the initial term was three years, which automatically extends for up to an additional seven years in successive one-year extensions, unless HL USA elects to terminate the charters with two years prior written notice. HL USA would have been required to pay a termination fee of approximately $8.0 million to terminate a charter at the end of the initial term. The termination fee declines by $1.0 million per year per vessel in years four through nine. The initial terms of the charters for these vessels have expired, and these charters have automatically extended pursuant to their terms.

(13) HL USA had an initial charter of three years that automatically extends for up to an additional seven years with a charter rate of $18,000 per day, and $18,500 per day for the two one-year options.

(14) UASC has a charter of two years with a charter rate of $20,500 per day for the first year, increasing to $20,850 per day for the second year. In addition, we pay a 1.25% commission to a broker on all hire payments for this charter.

(15) CSCL Asia has a charter of 12 years with a charter rate of $16,750 per day for the first six years, increasing to $16,900 per day for the second six years.

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New Vessel Contracts

Our primary objective is to acquire additional containerships as market conditions allow, and to enter into additional long-term, fixed-rate time charters for such vessels.

As of December 31, 2010, we had contracted to purchase eight additional containerships and to lease an additional six, all of which are currently or will be under construction, and have scheduled delivery dates through April 2012.

As at December 31, 2010, the eight newbuilding containerships that we have contracted to purchase and the six newbuilding containerships that we have contracted to lease consist of the following vessels:

Vessel	Vessel Class (TEU)	Length of Time Charter (1)	Charterer	Daily Charter Rate (in thousands)	Scheduled Delivery Date	Shipbuilder
Hull No. S452	13100	12 years	COSCON	$ 55.0	2012	HSHI
Hull No. 2177	13100	12 years	COSCON	55.0	2011	HHI
Hull No. S453	13100	12 years	COSCON	55.0	2011	HSHI
Hull No. 2178	13100	12 years	COSCON	55.0	2012	HHI
Hull No. S454	13100	12 years	COSCON	55.0	2012	HSHI
Hull No. 2179	13100	12 years	COSCON	55.0	2011	HHI
Hull No. 2180[(2)]	13100	12 years	COSCON	55.0	2012	HHI
Hull No. 2181[(2)]	13100	12 years	COSCON	55.0	2011	HHI
COSCO Prince Rupert	8500	12 years + three one-year options	COSCON	42.9[(3)]	2011	HHI
COSCO Vietnam	8500	12 years + three one-year options	COSCON	42.9[(3)]	2011	HHI
Brevik Bridge[(2)]	4500	12 years + two three-year options	K-Line	34.3[(4)]	2011	Samsung
Bilbao Bridge[(2)]	4500	12 years + two three-year options	K-Line	34.3[(4)]	2011	Samsung
Berlin Bridge[(2)]	4500	12 years + two three-year options	K-Line	34.3[(4)]	2011	Samsung
Budapest Bridge[(2)]	4500	12 years + two three-year options	K-Line	34.3[(4)]	2011	Samsung

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

(2) This vessel is subject to a sale-leaseback arrangement.

(3) COSCON has an initial charter of 12 years with a charter rate of $42,900 per day and $43,400 per day for the three one-year options.

(4) K-Line has an initial charter of 12 years with a charter rate of $34,250 per day for the first six years, increasing to $34,500 per day for the second six years, $37,500 for the first three-year option period and $42,500 for the second three-year option period.

The following chart details the number of vessels in our fleet based on scheduled delivery dates as of December 31, 2010:

	Year Ending December 31, Scheduled	
	2011	2012
Deliveries	10	4
Operating Vessels	65	69
Approximate Total Capacity (TEU)	**352,700**	**405,100**

Market Opportunity

We believe that the recent financial crisis and dislocation of the containership sector has created an opportunity for ship owners 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 financial constraints of ship owners and the decrease in global trade, few orders for newbuilding containerships were placed in recent years and there is a limited amount of vessel capacity scheduled to enter the market after 2012. We believe that the containership sector is recovering and that supply and demand dynamics for containerized trade are relatively favorable for vessel owners.

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. Without giving effect to the net proceeds from this offering or any additional debt capacity as a result thereof, we believe that we will be able to fund the remaining payments for the 14 containerships that we have contracted to purchase and lease through the availability under our current credit and lease facilities and current and anticipated operating cash flows less dividends. We will be able to use the proceeds from this offering, combined with additional debt capacity as a result thereof (exclusive of amounts committed to finance the remaining payments on the 14 vessels we have agreed to purchase and lease), to fund additional growth beyond our contracted fleet.

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:

- *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 had an average remaining term of approximately seven years as of December 31, 2010. As a result, nearly 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 of December 31, 2010, and excluding any extensions of our time charters, we had approximately $6.5 billion of contracted future revenue under existing fixed-rate time charters, including approximately $2.9 billion attributable to time charters for the 14 newbuilding containerships that we have contracted to purchase and lease.

- *Significant built-in fleet growth.* We have significantly grown our fleet since our initial public offering in August 2005. At that time, we had an operating fleet of 10 vessels with another 13 vessels on order, aggregating 116,950 TEU. As of December 31, 2010, we had 55 vessels in service and 14 vessels on order, aggregating 405,100 TEU, an increase of 246% in TEU capacity. The aggregate capacity of the 14 newbuilding vessels, with scheduled delivery dates through April 2012, represents over 50% of the aggregate capacity of our vessels currently in service.

- *Proven ability to source capital for growth.* Since our initial public offering in 2005, we have successfully accessed capital to grow our fleet. Including our initial public offering, we have raised over $1.8 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 $4.2 billion as of December 31, 2010. We also accessed capital during the recent economic downturn, including raising preferred share equity and entering into sale-leaseback financings. We will be able to use the

proceeds from this offering, combined with additional debt capacity as a result thereof (exclusive of amounts committed to finance the remaining payments on the 14 vessels we have agreed to purchase and lease), to fund additional growth beyond our contracted fleet. We intend to continue to access existing capital, and to consider new sources, to cost-effectively maintain and grow our fleet.

Strong, long-term relationships with high-quality customers, including leading Asian container liners. We have developed strong relationships with our customers, which include leading container liner companies. We believe we are the largest provider of containerships to China, and anticipate that Asian demand for containerships will continue to rebound and grow following the recent 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 over 99% since our initial public offering in 2005.

Scale, diversity and high quality of our fleet. We are one of the largest independent charter owners of containerships and believe that the size of our fleet appeals to our customers and provides us cost savings through volume purchases by our Manager and leverage in negotiating newbuilding contracts and accessing shipyard berths. Our operating fleet of 55 containerships had an average age of approximately five years as of December 31, 2010, which is significantly below the industry average of approximately 10 years. Our 14 newbuilding vessels also will be subject to our high standards for design, construction quality and maintenance. Upon delivery of these additional vessels, the vessels in our fleet will range in size from 2500 TEU to 13100 TEU, and our 13100 TEU containerships will be among the largest sized containerships then in operation.

Experienced management. Together our chief executive officer and chief financial officer have over 30 years of professional experience in the shipping industry. In addition, the members of the management team of our Manager 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. Our Manager s staff has skills in all aspects of ship management, including, among others, design, operations and marine engineering. We likewise benefit from the financial experience and sophistication of our Manager s management team, which has assisted us in accessing various forms of capital.

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 pursue 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 employing spot charters for shorter term discretionary needs. To the extent container liner companies expand their services into these major trade routes, we believe we will be well positioned to participate in their growth.

Expanding and diversifying our customer relationships. Since our initial public offering, we have increased our customer base from two to eight 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 to have high growth potential such as Asia, where we have strong customer

relationships. We also believe that our Manager s experience in working with container liners 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 to provide long-term growth of our fleet and modern vessels to our customers. In addition, we intend 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 partnering opportunities that would allow us to seek to capitalize on opportunities in the newbuilding and secondhand markets with more modest investments, 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 capital cost 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 C 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. You should consider carefully the factors set forth in the section of this prospectus entitled Risk Factors beginning on page S-20 of this prospectus supplement and on page 5 of the accompanying base prospectus.

Management Overview

Our operations are managed by our Manager under the supervision of our board of directors. We have entered into long-term management agreements pursuant to which our Manager and its subsidiaries provide us with all of our technical, administrative and strategic services, including our management team and employees. Our Manager is owned by trusts established for members of the Dennis Washington family and by an entity indirectly owned by certain directors and officers of our Manager, including our chief executive officer. Mr. Washington is one of our founders and entities controlled by him and his family control our largest shareholdings. Please read Our Manager and Management Related Agreements and Related Party Transactions.

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 C Preferred Shares.

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The Offering

Issuer	Seaspan Corporation
Securities Offered	of our % Series C Cumulative Redeemable Perpetual Preferred Shares, par value $0.01 per share, liquidation preference $25.00 per share. For a detailed description of the Series C Preferred Shares, please read Description of Series C Preferred Shares.
Price per share	$
Conversion; Exchange and Preemptive Rights	The Series C Preferred Shares will not have any conversion or exchange rights or be subject or entitled to preemptive rights.
Dividends	Dividends on Series C Preferred Shares shall accrue and be cumulative from the date the Series C Preferred Shares are originally issued and shall 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.

In the event that four quarterly dividends, whether consecutive or not, payable on Series C Preferred Shares are in arrears, such event shall constitute a Dividend Payment Default.

Dividend Payment Dates	January 30, April 30, July 30 and October 30, commencing April 30, 2011 (each, a Dividend Payment Date).
Dividend Rate	The dividend rate for the Series C Preferred Shares will be % per annum per $25.00 of liquidation preference per share (equal to per share), subject to increase if (i) we fail to comply with certain covenants (a Covenant Default), (ii) we experience certain defaults under any of our credit facilities (a Cross Default), (iii) four quarterly dividends payable on the Series C Preferred Shares are in arrears (a Dividend Payment Default) or (iv) the Series C Preferred Shares are not redeemed in whole by January 30, 2017 (a Failure to Redeem), the dividend rate payable on the Series C Preferred Shares shall increase, subject to aggregate maximum rates per annum of 25% prior to January 30, 2016 and 30% thereafter, to a rate that is 1.25 times the dividend rate payable on the Series C Preferred Shares as of the close of business on the day immediately preceding the Covenant Default, Cross Default, Divided Payment Default or Failure to Redeem, as applicable, and on each subsequent Dividend Payment Date, the dividend rate payable shall increase to a rate that is 1.25 times the dividend rate payable on the Series C Preferred Shares as in effect as of the close of business on the day immediately preceding such Dividend Payment Date, until the Covenant Default, Cross Default or Dividend Payment Default is cured or the Series C Preferred Shares are no longer outstanding. Please read Description of Series C Preferred Shares Dividends.

Ranking

The Series C 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 C Preferred Shares will rank:

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

- *pari passu* with our existing Series B Preferred Shares and any other class or series of capital stock established after the original issue date of the Series C Preferred Shares that is not expressly subordinated or senior to the Series C Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up; and

- junior to all of our indebtedness and other liabilities with respect to assets available to satisfy claims against us and our Series A Preferred Shares and each other class or series of capital stock expressly made senior to the Series C Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up.

Optional Redemption and Failure to Redeem

At anytime on or after January 30, 2016, we may redeem, in whole or in part, the Series C 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.

Our failure to redeem all the Series C Preferred Shares on or prior to January 30, 2017, whether or not our board of directors has authorized any such redemption and whether or not such redemption is legally permissible or is prohibited by any agreement to which we are subject, shall constitute a Failure to Redeem.

Voting Rights

Holders of the Series C Preferred Shares generally have no voting rights. However, if and whenever dividends payable on the Series C Preferred Shares are in arrears for six or more quarterly periods, whether or not consecutive, holders of Series C Preferred Shares (voting together as a class with all other classes or series of preferred stock upon which like voting rights have been conferred and are exercisable) will be entitled to elect one additional director to serve on our board of directors until we pay, or declare and set apart for payment, all cumulative dividends on the Series C Preferred Shares.

Unless (1) after giving pro forma effect to the payment of any dividend arrearages on the Series C Preferred Shares, we would be in compliance with the covenant described under Description of Series C Preferred Shares Certain Covenants Limitation on Non-Convertible Preferred Stock, and (2) we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series C Preferred Shares, voting as a single class, we may not issue any Parity Securities or Senior Securities (other than Series A Preferred Shares that are (i) authorized for issuance on the initial issue date of the Series C Preferred Shares and (ii) issued as dividends in respect of Series A Preferred Shares outstanding on the initial issue date of the Series C Preferred Shares or issued as dividends thereafter) if the cumulative dividends payable on outstanding Series C Preferred Shares are in arrears.

Covenants and Cross Defaults

We will be subject to certain covenants with respect to the Series C Preferred Shares, including:

(a) Restricting Total Borrowings to less than 75% of Total Assets;

(b) Not permitting our Non-Convertible Preferred Stock Ratio to exceed 33.33%;

(c) Maintaining a Net Worth to Preferred Stock Ratio of at least 2.00; and

(d) Mandatory conversion of all outstanding Series A Preferred Shares on or prior to March 31, 2014.

Our failure to comply with clauses (a), (b) or (c) above, if such failure continues unremedied for 120 days, or our failure to comply with clause (d) above, if such failure continues unremedied for 30 days, shall constitute a Covenant Default.

A default by us under any Credit Facility (as defined under Description of Series C Preferred Shares Dividends Increase in Base Dividend Rate Following a Covenant Default, Cross Default, Dividend Payment Default or Failure to Redeem) shall constitute a Cross Default if such default (a) is caused by a failure to pay principal of, or interest or premium, if any, on outstanding indebtedness under the Credit Facility (other than non-recourse indebtedness of any subsidiary) prior to the expiration of the grace period for payment of such indebtedness set forth in such Credit Facility, or (b) results in the acceleration of such indebtedness prior to its maturity, and in each case, the principal amount of any such indebtedness, together with the principal amount of any other such indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates $25 million or more.

We will also provide certain information to holders of Series C Preferred Shares during the period of any Cross Default.

For definitions of capitalized terms used in the bullets above, please read Description of Series C Preferred Shares Certain Covenants Certain Definitions and Interpretations.

Fixed Liquidation Price	If we liquidate, dissolve or wind-up, holders of the Series C Preferred Shares will have the right to receive $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of payment, whether or not declared, before any payments are made to holders of our common stock or other junior securities.
Sinking Fund	The Series C Preferred Shares will not be subject to any sinking fund requirements. Please read Description of Series C Preferred Shares No Sinking Fund.
Use of Proceeds	We intend to use the net proceeds of the sale of the Series C Preferred Shares, which are expected to total approximately $ million, for general corporate purposes, which may include making vessel acquisitions or investments. Pending the application of funds for these purposes, we may repay a portion of our outstanding debt under certain of our revolving credit facilities. 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 C Preferred Shares on the New York Stock Exchange, or NYSE. If the application is approved, trading of the Series C Preferred Shares on the NYSE is expected to begin within 30 days after the original issue date of the Series C Preferred Shares. The underwriters have advised us that they intend to make a market in the Series C Preferred Shares prior to commencement of any trading on the NYSE. However, the underwriters will have no obligation to do so, and no assurance can be given that a market for the Series C Preferred Shares will develop prior to commencement of trading on the NYSE or, if developed, will be maintained.
Tax Considerations	We believe that under current U.S. federal income tax law, all or a portion of the distributions you receive from us will constitute dividends and, 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 are expected to be taxable as qualified dividend income subject to a maximum 15 percent U.S. federal income tax rate (currently through December 31, 2012). 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 C Preferred Shares and, thereafter, as capital gain. Please read Material U.S. Federal Income Tax Considerations.

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Form	The Series C Preferred Shares will be issued and maintained in book-entry only form registered in the name of the nominee of The Depository Trust Company, or DTC, except under limited circumstances.
Settlement	Delivery of the Series C Preferred Shares will be made against payment therefor on or about January , 2011.
Conflict of Interest	We intend to use the net proceeds from this offering for general corporate purposes, which may include vessel acquisitions or investments. Pending the application of funds for these purposes, we may repay a portion of our outstanding debt under certain of our revolving credit facilities. Certain of the underwriters or their affiliates may receive proceeds from this offering if they are lenders under our credit facilities. Because this offering is being made in compliance with the requirements of Rule 5121 of the Financial Industry Regulatory Authority, Inc., or FINRA, a qualified independent underwriter is not required.

An investment in our Series C 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-20 of this prospectus supplement and on page 5 of the accompanying base prospectus to determine whether an investment in our Series C Preferred Shares is appropriate for you.

Summary Historical 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 financial and operating data has been prepared on the following basis:

The historical financial and operating data as at and for the years ended December 31, 2009 and 2008 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, 2009, filed with the Securities and Exchange Commission, or the SEC, on March 19, 2010 and incorporated by reference into this prospectus.

The historical financial and operating data as at and for the year ended December 31, 2007 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, 2008, filed with the SEC on March 31, 2009.

The historical financial and operating data as at and for the nine months ended September 30, 2010 and 2009 is derived from our unaudited interim consolidated financial statements and the notes thereto, which are contained in our Report on Form 6-K filed with the SEC on October 28, 2010, 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 Financial and Operating Data.

	Year Ended December 31,			Nine Months Ended September 30,	
	2009	2008	2007	2010	2009
Statements of operations data (in thousands of dollars):					
Revenue	$ 285,594	$ 229,405	$ 199,235	$ 289,265	$ 207,015
Operating expenses:					
Ship operating	80,162	54,416	46,174	78,269	57,730
Depreciation	69,996	57,448	50,162	71,302	50,969
General and administrative	7,968	8,895	6,006	6,885	6,058
Operating earnings	127,468	108,646	96,893	132,809	92,258
Other expenses (income):					
Interest expense	21,194	33,035	34,062	20,272	15,802
Change in fair value of financial instruments	(46,450)	268,575	72,365	336,547	76
Interest income	(311)	(694)	(4,074)	(41)	(270)
Write-off on debt refinancing			635		
Undrawn credit facility fee	4,641	5,251	3,057	3,072	3,512
Amortization of deferred charges	2,042	1,825	1,256	2,296	1,476
Other	1,100				1,100
Net earnings (loss)	$ 145,252	$ (199,346)	$ (10,408)	$ (229,337)	$ 70,562

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	Year Ended December 31,			Nine Months Ended September 30,	
	2009	2008	2007	2010	2009
Statements of cash flows data (in thousands of dollars):					
Cash flows provided by (used in):					
Operating activities	$ 94,576	$ 124,752	$ 113,168	$ 97,673	$ 64,780
Financing activities	312,059	523,181	1,022,443	514,037	238,867
Investing activities	(409,520)	(634,782)	(1,104,704)	(598,401)	(335,903)
Balance sheet data (at period end, in thousands of dollars):					
Cash and cash equivalents	$ 133,400	$ 136,285	$ 123,134	$ 146,709	$ 104,029
Vessels	3,485,350	3,126,489	2,424,253	4,082,881	3,425,436
Total assets	3,664,447	3,296,872	2,576,901	4,289,564	3,569,927
Long-term debt	1,883,146	1,721,158	1,339,438	2,370,446	1,824,300
Share capital	679	668	575	689	677
Total shareholder s equity	1,059,566	746,360	862,326	850,653	966,594
Other data:					
Number of vessels in operation at period end	42	35	29	53	41
TEU capacity at period end	187,456	158,483	143,207	252,300	182,369
Fleet utilization rate	99.7%	99.3%	99.0%	98.3%	99.8%

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Ratio of Earnings to Fixed Charges and Preference Dividends

The following table sets forth our ratio of earnings to fixed charges and preference dividends for the periods presented:

	Nine Months Ended September 30,	Year Ended December 31,				August 12 to December 31,	January 1 to August 11,
	2010	2009	2008	2007	2006	2005	2005 [1]
Ratio of earnings to fixed charges and preference dividends [2]	[3]	2.6	[3]	0.5 [3]	2.6	6.9	2.0
Dollar amount (in thousands) of deficiency in earnings to fixed charges and preference dividends	255,290		261,229	29,904			

(1) Represents data from our predecessor, Seaspan Container Lines Limited, or SCLL, for the period prior to our initial public offering.

(2) For purposes of calculating the ratios of earnings to fixed charges and preference dividends:

- earnings consist of pre-tax income from continuing operations prepared under GAAP (which includes non-cash unrealized gains and losses on derivative financial instruments) plus fixed charges, net of capitalized interest and capitalized amortization of deferred financing fees; and

- fixed charges represent interest incurred (whether expensed or capitalized) and amortization of deferred financing costs (whether expensed or capitalized) and accretion of discount.

- preference dividends refers to the amount of pre-tax earnings that is required to pay the cash dividends on outstanding preference securities and is computed as the amount of the dividend divided by (1 minus the effective income tax rate applicable to continuing operations).

The ratio of earnings to fixed charges and preference dividends is a ratio that we are required to present in this prospectus supplement and has been calculated in accordance with SEC rules and regulations. This ratio has no application to our credit and lease facilities and Series C Preferred Shares, and we believe is not a ratio generally used by investors to evaluate our overall operating performance.

(3) The ratio of earnings to fixed charges and preference dividends for this period was less than 1.0x.

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Recent Developments

Recently Completed Transactions

Non-Recourse Sale-leaseback Transaction

In October 2010, one of our subsidiaries entered into a sale-leaseback transaction for one of our 13100 TEU newbuilding vessels with an affiliate of Crédit Agricole CIB. This vessel is being constructed by HHI and will be under a time charter with COSCON. Upon delivery from HHI, the vessel will be purchased by the affiliate of Crédit Agricole CIB, and through an inter-company operating charter with our subsidiary, we will still time-charter the vessel to COSCON in accordance with the terms of our original time charter. Our subsidiary s obligations under the sale-leaseback arrangement are non-recourse to Seaspan Corporation.

Extension of Time Charter

In November 2010, CSCL Asia exercised its option to extend the long-term time charter on one of our 4250 TEU vessels that it has sub-chartered, the CSAV Licanten, upon conclusion of its initial 10-year term. We are currently chartering the vessel to CSCL Asia at a rate of $18,300 per day and the rate for the option period increases to $19,000 per day beginning July 2011, for a term that expires in July 2013.

Guarantee Reduction

One of our wholly owned subsidiaries is the lessee under a lease facility used to finance the acquisition of five 4500 TEU vessels. We provide a guarantee relating to the lease facility. In October 2010, we amended the lease facility to provide that our guarantee of obligations under the lease facility is limited to a significantly reduced fixed amount. As part of this reduction, we have placed $60.0 million in a deposit account over which the lessor has a first priority security interest. Please read Financing Facilities Our Lease Facilities.

Potential Transactions

The following discussion of potential transactions or arrangements is prospective and is intended to benefit from the protections described in the section in this prospectus supplement entitled Forward-Looking Statements. For any of the potential transactions or arrangements described below, the transactions or arrangements may not be completed, and the terms of the transactions and arrangements that are completed, if any, may differ materially from those described below.

Potential Non-Recourse Loan Facility Transaction

We are negotiating a transaction that would involve one of our subsidiaries entering into a transaction with affiliates of a leading Chinese and a Japanese bank for a non-recourse loan facility in an amount up to $150 million relating to one of our 13100 TEU newbuilding vessels. The vessel is being constructed by HHI and is currently financed with up to $75 million under one of our revolving credit facilities. Upon delivery of the vessel and through an inter-company operating charter with our subsidiary, we will still time-charter the vessel to COSCON in accordance with the terms of the original 12-year time charter. The subsidiary s indebtedness under the loan facility would be non-recourse to Seaspan Corporation.

Potential Acquisition of Seaspan Management Services Limited and Change in Management Fees

Our Manager and certain of its subsidiaries provide us with all of our technical, administrative and strategic services, together with all of our executive officers and employees. We are in discussions with our

Manager about potentially acquiring all or a portion of our Manager. Please read Related Party Transactions. It is contemplated that the purchase price would be paid in shares of our capital stock or cash, or a combination thereof.

We believe any such acquisition of our Manager would increase our control over access to the services our Manager provides on a long-term basis. Additionally, the owners of our Manager have proposed increases in existing fees and the inclusion of additional fees under the management agreements, which they believe are in line with current market rates. Under the management agreements, the fees for the technical services are scheduled for renegotiation in December 2011. The conflicts committee of our board of directors is evaluating these proposals with the assistance of financial and legal advisors.

For additional information about the agreements with our Manager that govern the services provided to us, please read Our Manager and Management Related Agreements Management Agreements.

Potential New Employment Agreements and Lock-up Arrangement with CEO Gerry Wang

Our chief executive officer, Gerry Wang, has developed significant relationships with key existing and potential customers for containership chartering opportunities. Pursuant to an employment agreement between Mr. Wang and Seaspan Ship Management Ltd., or SSML, a subsidiary of our Manager, Mr. Wang has agreed to serve as chief executive officer of SSML and us. Mr. Wang s employment contract is scheduled to expire in 2013 unless it is renewed. Mr. Wang, SSML and we are discussing a new potential employment agreement between Mr. Wang and SSML, and a separate employment agreement between Mr. Wang and us. The proposed new employment terms would, among other things, (a) significantly increase Mr. Wang s compensation, which primarily would include salary, cash and stock-based bonuses and incentives related to fleet transactions and company performance, (b) reduce the duration of Mr. Wang s non-competition covenant following termination of his employment and (c) permit Mr. Wang to provide services to a potential investment vehicle that would acquire and charter out containerships (as described below). The duration of the new employment agreements, which could be shorter or longer than the existing term, are subject to negotiation. Mr. Wang would also agree to restrictions on the disposition of a portion of his equity ownership in us following termination of his employment with us, with the amount and type of equity subject to such restrictions and the duration of such restrictions to be mutually agreed.

The conflicts committee of our board of directors is evaluating Mr. Wang s proposal with the assistance of financial and legal advisors.

Potential Investment in Container Shipping Focused Investment Vehicle

We are considering making a potential minority investment in an investment vehicle, or the Vehicle, that a leading private equity firm contemplates establishing. If established, the Vehicle would invest in container shipping assets, primarily newbuilding vessels strategic to China. Potential partners in the Vehicle would include, among others, Tiger Group Investments Ltd. (which is controlled by our director Graham Porter), or Tiger, and affiliates of Dennis R. Washington or other members of the Washington family. Our chief executive officer, Gerry Wang, would serve as chief executive officer of the Vehicle. It is proposed that our Manager and its subsidiaries would provide certain technical services for any vessels acquired by the Vehicle, and that Tiger and Mr. Wang would provide certain transactional, financial and advisory services to the Vehicle. The conflicts committee of our board of directors is evaluating this potential investment with the assistance of financial and legal advisors and would negotiate any such investment on our behalf.

We believe that our potential capital commitment to the Vehicle would be approximately $75 million to $100 million, which we would fund over time. It is anticipated that any investments by the Vehicle would be made over a period of approximately five years. We also anticipate that we would have a right of first refusal for some negotiated duration with respect to any containership asset opportunities that are developed by the Vehicle.

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We believe that any investment by us in the Vehicle could enhance our ability to pursue current growth opportunities in the container shipping market by leveraging the Vehicle s access to capital and customer relationships. We also believe that an investment in the Vehicle would allow us to continue to increase the scale of our business and realize volume discounts for newbuilding orders that we would not otherwise be able to achieve.

If we invest in the Vehicle, we would amend our existing omnibus agreement to permit our Manager, its subsidiaries, and our applicable affiliates as described above to provide management services to and invest in, directly or indirectly, the Vehicle. For additional information about the omnibus agreement, please read Our Manager and Management Related Agreements Omnibus Agreement.

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RISK FACTORS

Any investment in our Series C 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 in this document before making an investment in shares of our Series C Preferred Shares. If any of these risks were to occur, our business, financial condition, operating results or 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 C Preferred Shares. You may lose all or part of your investment. In addition, we are subject to the following risks and uncertainties:

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 may significantly increase our costs of obtaining such funds. Our inability to obtain additional financing at attractive costs, if at all, could harm our business, results of operations, financial condition and ability to pay dividends.

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 our decreased ability to pay dividends on or redeem our Series C Preferred Shares.

We have agreed to acquire an additional 14 newbuilding containerships with scheduled delivery dates through April 2012. We have entered into contracts to purchase eight of those containerships and lease financing arrangements, under which we are the lessee, for six vessels. As of December 31, 2010, the total purchase price of the eight vessels remaining to be paid was estimated to be approximately $780.9 million. Our obligation to purchase the eight vessels is not conditional upon our ability to obtain financing for such purchases. Under the terms of our lease financing arrangements for the remaining six vessels, we may purchase the vessels at the end of their respective lease terms at a price approximately equal to their fair market value at the end of such lease terms for four of the vessels and at a fixed price per vessel and a per vessel price to be determined for the remaining two vessels. Although we currently intend to purchase all six vessels, we may not be able to purchase them on terms favorable to us or at all.

To fund other 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 for dividends to our shareholders, including holders of our Series C 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. 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.

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 C Preferred Shares.

We must make substantial capital expenditures over the long-term to preserve the operating capacity of our fleet. If, however, we do not retain funds in our business in amounts necessary to preserve the operating capacity of our fleet, over the long-term we will not be able to continue to refinance our indebtedness or maintain our payment of dividends. At some time in the future, 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 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 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 C Preferred Shares.

Unless we set aside reserves or are able to borrow funds for vessel replacement at the end of a vessel s useful life, our revenue will decline.

Unless we maintain reserves or are able to borrow or otherwise raise funds for vessel replacement, we will be unable to replace the vessels in our fleet upon the expiration of their remaining useful lives. Our cash flows and income depend upon the revenues earned by the chartering of our vessels to customers. If we are unable to replace the vessels in our fleet upon the expiration of their useful lives, our results of operations, financial condition and ability to pay dividends will be harmed. Additionally, any reserves set aside for vessel replacement would not be available for dividends or redemption of Series C Preferred Shares.

Restrictive covenants in our credit and lease facilities 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.

To borrow funds under our credit facilities, we must, among other things, meet specified financial covenants. For example, we are prohibited under our existing credit facilities from incurring total borrowings in an amount greater than 65% of our total assets. In addition, although our credit facilities do not contain traditional vessel market value covenants that require us to repay our facilities solely because the market value of our vessels declines below a certain level, one of our credit agreements contains a loan-to-market-value ratio requirement that must be met before we can borrow funds under that facility. Based on a semi-annual valuation obtained in December 2010 (which was on a without-charter basis as required by our credit facility), the decline in the market value of the vessels as a result of the recent economic slowdown continues to limit our ability to borrow under the facility. We are currently unable to borrow the remaining approximately $267 million otherwise available under the facility. In addition, under this facility, there are certain circumstances that could require us to prepay a portion of the outstanding loan or provide additional acceptable security in order to meet the borrowing base ratio requirement. One of these circumstances includes the termination or expiration of a specified percentage of charters if we do not find suitable charterers or negotiate charter terms acceptable to our lenders. During 2011, the charters for four of our vessels will expire, and if we are unable to obtain extensions of these charters or replacement charters acceptable to our lenders for at least three of such vessels, we could trigger the borrowing base ratio requirement.

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.

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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:

- except in the case of the lease facilities, 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;
- change the flag, class or management of our vessels;
- create liens on our assets;
- sell our vessels without replacing such vessels or prepaying a portion of our loan;
- conduct material transactions with our affiliates except on an arm s-length basis;
- merge or consolidate with, or transfer all or substantially all our assets to, another person; or
- change our business.

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. If we do not comply with the restrictions and covenants in our credit agreements or lease agreements, our results of operations, financial condition and ability to pay dividends will be harmed.

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

We intend to substantially finance our fleet expansion with secured indebtedness drawn under our existing or future credit or lease facilities. We have significant repayment obligations under our credit and lease facilities, both prior to and at maturity. The earliest maturity date of our current credit facilities is 2015, and we intend to refinance amounts drawn under our existing or future credit facilities with replacement facilities, the net proceeds of future debt or equity offerings, or a combination thereof. 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. 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 alternative financing plans, 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 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.

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

As of December 31, 2010, we had approximately $2.4 billion outstanding on our credit facilities and lease obligations of approximately $543.0 million. These amounts outstanding under our credit facilities and our lease obligations will increase further following the completion of our acquisition of the 14 newbuilding containerships that we have contracted to purchase and lease. 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 than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally; 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 operating results 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 in recent years were disrupted and volatile. The debt and equity capital markets were exceedingly distressed, and it was difficult generally to obtain financing and the cost of any available financing increased significantly. If global financial markets and economic conditions significantly deteriorate in the future, we may be unable to obtain adequate funding under our current 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.

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The business and activity levels of many of our customers, shipbuilders and related parties 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 those that we will acquire will be, primarily chartered to customers under long-term time charters. Payments to us under those charters are and will be our sole source of operating cash flow. 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. 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 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.

Similarly, the shipbuilders with whom we have contracted 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 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.

We will be paying all costs for the eight 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, each ranging from approximately 5% to 20% of the total contracted purchase price for each vessel, as well as a final installment payment, generally equal to approximately 50% of the total vessel purchase price. We have entered into long-term credit facilities to partially fund the construction of these vessels. 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 commences following delivery of the vessels. As a result, these costs reduce our operating results during vessel construction.

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 results of operations, financial condition and ability to pay dividends.

We are relying on the lessors under finance leasing arrangements to pay an aggregate amount of up to $700 million of the construction cost for seven newbuilding vessels that we have agreed to lease upon delivery of the vessels. If a lessor fails to make its payments under these arrangements, we may be required to finance the construction of these vessels before they begin generating revenue.

In 2007 we entered into vessel construction contracts to purchase five 4500 TEU newbuilding vessels from Samsung. Also in 2007, we entered into vessel construction contracts to purchase two 13100 TEU vessels from HHI. The construction costs of these seven vessels are financed through three sale-leaseback transactions. If

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the lessor under any of these agreements becomes insolvent or otherwise fails to continue to make construction payments for any of the vessels, we may need to finance such vessel through alternative arrangements before it begins operating and generating revenue. In such a case, we cannot assure you that we would be able to enter into alternative arrangements on terms favorable to us, if at all, which could harm our results of operations, financial condition or ability to pay dividends. Please read Financing Facilities Our Lease Facilities.

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 the number of vessels in our operating fleet that are chartered to our eight current customers and the percentage of our total containership revenue attributable to the charters for the nine months ended September 30, 2010:

Customer	Number of Vessels in our Operating Fleet Chartered to such Customer	Percentage of Total Containership Revenue for the nine months ended September 30, 2010
CSCL Asia	22	40.6%
HL USA	9	15.1%
COSCON	7	14.9%
MOL	4	10.8%
Others	11	18.6%
Total	53	100.0%

All 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.

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 with each of the relevant shipbuilders; 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 and 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.

Our growth depends upon continued growth in demand for containerships.

Our growth will generally depend on continued growth 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. Containership charter rates peaked in 2005 and generally stayed strong until the middle of 2008, when the effects of the recent economic crisis began to affect global container trade. Rates fell significantly in 2009 into early 2010 to levels below those in 2001. Rates rose throughout 2010, albeit to levels below historical averages. In the future, rates may moderate or continue to fluctuate. Fluctuations in containership charter rates

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result from changes in the supply and demand for vessel capacity 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 supply and demand for products shipped in containers are outside of our control, 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 older containerships;
- containership owner access to capital to finance the construction of newbuildings;
- 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 out of service, idle or laid out of service; and
- port congestion and canal closures.

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 existing time charters for ten of our vessels will expire (excluding options to extend) before 2013. 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 operating results. 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.

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Forty of the vessels in our current or contracted fleet are or will be chartered to Chinese customers. 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 could harm our results of operations, financial condition and ability to pay dividends.

As of December 31, 2010, 22 of the 69 vessels in our current or contracted fleet are chartered to CSCL Asia, and 18 vessels are or will be chartered to COSCON. CSCL Asia and COSCON are subsidiaries of Chinese companies. Our vessels that are chartered to Chinese customers 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, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties. If we are required to commence legal proceedings against a bank, a customer or a charter guarantor based in China with respect to the provisions of a credit facility, a time charter or a time charter guarantee, we may have difficulties in enforcing any judgment obtained in such proceedings in China. Similarly, our shipbuilders based in China provide warranties against certain defects for the vessels that they will construct for us and refund guarantees from a Chinese financial institution for the installment payments that we will make to them. Although the shipbuilding contracts and refund guarantees are governed by English law, if we are required to commence legal proceedings against these shipbuilders or against the refund guarantor, we may have difficulties enforcing in China any judgment obtained in such proceeding.

A decrease in the level of China s export of goods or an increase in trade protectionism will harm our customers business and, in turn, harm our business, results of operations and ability to pay dividends.

China exports considerably more goods than it imports. Most of our customers container shipping business revenue is derived from the shipment of goods from the Asia Pacific region, primarily China, to various overseas export markets, including the United States and Europe. Any reduction in or hindrance to the output of China-based exporters could negatively affect the growth rate of China s exports and our customers business. For instance, the government of China has recently implemented economic policies aimed at increasing domestic consumption of Chinese-made goods. This may reduce the supply of goods available for export and may, in turn, result in a decrease in shipping demand.

Our international operations expose us to the risk that increased trade protectionism will harm our business. If global economic challenges exist, governments may turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing shipping demand. Specifically, increasing trade protectionism in the markets that our customers serve has caused and may continue to cause an increase in (a) the cost of goods exported from China, (b) the length of time required to deliver goods from China and (c) the risks associated with exporting goods from China. Such increases may also affect the quantity of goods to be shipped, shipping time schedules, voyage costs and other associated costs.

Any increased trade barriers or restrictions on trade, especially trade with China and Asia, would harm our customers business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could harm our results of operations, financial condition and ability to pay dividends.

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Future adverse economic conditions globally, and especially in the Asia Pacific region, the European Union or the United States, could harm our business, financial condition, results of operations and ability to pay dividends.

The global economy recently experienced disruption and volatility following adverse changes in global capital markets. The deterioration in the global economy caused, and any renewed deterioration may cause, a decrease in worldwide demand for certain goods and shipping. Economic instability in the future could harm our business, financial condition, results of operations and ability to pay dividends.

In particular, because a significant number of the port calls made by our vessels involves the loading or discharging of containerships in ports in the Asia Pacific region, economic turmoil in that region may exacerbate the effect of any economic slowdown on us. In recent years, China has been one of the world s fastest growing economies in terms of gross domestic product, which has increased the demand for shipping. Like the rest of the world, however, China recently experienced slowed or negative economic growth and this trend could return. Our business, results of operations, financial condition and ability to pay dividends will likely be harmed by any significant economic downturn in the Asia Pacific region, including China, or in the European Union or the United States.

Our growth and our ability to recharter our vessels depends on our ability to expand relationships with existing customers and develop relationships with new customers, for which we will face substantial competition.

We intend to acquire additional containerships as market conditions allow in conjunction with entering primarily into additional long-term, fixed-rate time charters for such ships, and to recharter our existing vessels following the expiration of their current long-term time charters to the extent we retain those vessels in our fleet. The existing time charters for ten of our vessels will expire (excluding options to extend) before 2013. The process of obtaining new long-term time charters is highly competitive and generally involves an intensive screening process and competitive bids, and often extends for several months. Container shipping charters are awarded based upon a variety of factors relating to the vessel operator, including, among others:

- shipping industry relationships and reputation for customer service and safety;
- container shipping experience and quality of ship operations, including cost effectiveness;
- quality and experience of seafaring crew;
- the ability to finance containerships at competitive rates and the ship owner s financial stability generally;
- relationships with shipyards and the ability to get suitable berths;
- construction management experience, including the ability to obtain on-time delivery of new ships according to customer specifications;
- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and
- competitiveness of the bid in terms of overall price.

Competition for providing new containerships for chartering purposes comes from a number of experienced shipping companies, including direct competition from other independent charter owners and indirect competition from state-sponsored and other major entities with their own fleets. Some of our competitors have significantly greater financial resources than we do and can operate larger fleets and may be able to offer

better charter rates. An increasing number of marine transportation companies have entered the containership sector, including many with strong reputations and extensive resources and experience in the marine transportation industry. This increased competition may cause greater price competition for time charters. As a result of these factors, we may be unable to expand our relationships with existing customers or to develop relationships with new customers on a profitable basis, if at all, which would harm our business, results of operations, financial condition and ability to pay dividends.

If a more active short-term or spot container shipping market develops, we may have more difficulty entering into long-term, fixed-rate time charters and our existing customers may begin to pressure us to reduce our charter rates.

One of our principal strategies is to enter into long-term, fixed-rate time charters. As more vessels become available for the spot or short-term market, we may have difficulty entering into additional long-term, fixed-rate time charters for our vessels due to the increased supply of vessels and possibly lower rates in the spot market. As a result, our cash flow may be subject to instability in the long term. A more active short-term or spot market may require us to enter into charters based on changing market prices, as opposed to contracts based on a fixed rate, which could result in a decrease in our cash flow in periods when the market price for container shipping is depressed or insufficient funds are available to cover our financing costs for related vessels. In addition, the development of an active short-term or spot container shipping market could affect rates under our existing time charters as our current customers may begin to pressure us to reduce our rates.

We may be unable to make or realize expected benefits from acquisitions or investments, and implementing our growth strategy through acquisitions of existing businesses or vessels or investments in other containership businesses may harm our business, results of operations, financial condition and ability to pay dividends.

Our growth strategy includes selectively acquiring new containerships, existing containerships, containership-related assets and container shipping business as market conditions allow. We may also invest in other containership businesses. Factors that may limit the number of acquisition or investment opportunities in the containership industry include the ability to access capital to fund such transactions, the overall economic environment and the status of global trade and the ability to secure long-term, fixed-rate charters.

Any acquisition of or investment in a vessel or business may not be profitable to us at or after the time we acquire or make it and may not generate cash flow sufficient to justify our investment. In addition, our acquisition growth strategy exposes us to risks that may harm our business, financial condition and operating results, including risks that we may:

- fail to realize anticipated benefits, such as new customer relationships, cost savings or cash flow enhancements;
- be unable, through our Manager, to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet;
- decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions or investments;
- incur or assume unanticipated liabilities, losses or costs associated with the business or vessels acquired;
- incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges; or
- not be able to service our debt obligations or pay dividends.

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Our four 4800 TEU vessels were acquired secondhand. The purchase of existing, secondhand vessels has inherent risks that are not present when purchasing newbuilding vessels. Unlike newbuildings, existing containerships typically do not carry warranties as to their condition. While we would inspect existing containerships prior to purchase, such an inspection would normally not provide us with as much knowledge of a containership s condition as we would possess if it had been built for us and operated by us during its life. Repairs and maintenance costs for existing vessels are difficult to predict and may be substantially higher than for vessels we have operated since they were built. These costs could harm our business, operating results, financial condition and ability to pay dividends.

Our ability to grow may be reduced by the introduction of new accounting rules for leasing.

International and U.S. accounting standard-setting organizations have proposed the elimination of operating leases. The proposals are expected to be finalized in 2011 and implemented in 2013 or later. If the proposals are enacted, they would have the effect of bringing most off-balance sheet leases onto a lessee s balance sheet as liabilities. This proposed change could affect our customers and potential customers by causing them to breach certain financial covenants. This may make them less likely to enter into time charters for our containerships, which could reduce our growth opportunities.

Under the time charters for some of our vessels, if a vessel is off-hire for an extended period, the customer has a right to terminate the charter agreement for that vessel.

Under most of our time charter agreements, if a vessel is not available for service, or off-hire, for an extended period, the customer has a right to terminate the charter agreement for that vessel. If a time charter is terminated early, we may be unable to re-deploy the related vessel on terms as favorable to us, if at all. In the worst case, we may not receive any revenue from that vessel, but be required to continue to pay financing costs for the vessel and expenses necessary to maintain the vessel in proper operating condition. Please read Business Time Charters.

Risks inherent in the operation of ocean-going vessels could harm our business and reputation.

The operation of ocean-going vessels carries inherent risks. These risks include the possibility of:

- marine disaster;
- environmental accidents;
- grounding, fire, explosions and collisions;
- cargo and property losses or damage;
- business interruptions caused by mechanical failure, human error, war, terrorism, political action in various countries, labor strikes or adverse weather conditions; and
- piracy.

Such occurrences could result in death or injury to persons, loss of property or environmental damage, delays in the delivery of cargo, loss of revenue from or termination of charter contracts, governmental fines, penalties or restrictions on conducting business, higher insurance rates, and damage to our reputation and customer relationships generally. The involvement of our vessels in an environmental disaster could harm our reputation as a safe and reliable vessel owner and operator. Any of these circumstances or events could harm our business, results of operations, financial condition and ability to pay dividends.

Acts of piracy on ocean-going vessels have increased in frequency, which could harm our business.

Piracy is an inherent risk in the operation of ocean-going vessels and has historically affected vessels trading in regions of the world, including, among other areas, the South China Sea and the Gulf of Aden off the coast of Somalia. The frequency of piracy incidents against commercial shipping vessels has increased significantly in recent years, particularly in the Gulf of Aden. We may not be adequately insured to cover losses from these incidents, which could harm our results of operations, financial condition and ability to pay dividends. In addition, crew costs, including due to employing onboard security guards, could increase in such circumstances. Any of these events, or the loss of use of a vessel due to piracy, may harm our customers, impairing their ability to make payments to us under our charters.

Terrorist attacks and international hostilities could harm our results of operations, financial condition and ability to pay dividends.

Terrorist attacks such as the attacks on the United States on September 11, 2001, and the continuing response of the United States to these attacks, as well as the threat of future terrorist attacks, continue to cause uncertainty in the world financial markets. Conflicts in Afghanistan and other nations and recent tensions between North and South Korea (where many of our shipbuilders are located) may lead to additional acts of terrorism, regional conflict and other armed conflict around the world, which may contribute to further economic instability in the global financial markets or in regions where our customers do business or, in the case of South Korea, affect our access to new vessels. These uncertainties or events could harm our business, results of operations and financial condition, including our ability to obtain additional financing on terms acceptable to us or at all, and our ability to pay dividends. In addition, terrorist attacks targeted at sea vessels may in the future also negatively affect our operations and financial condition and directly affect our containerships or customers.

Changing economic, political and governmental conditions in the countries where we are engaged in business or where our vessels are registered could affect us. Hostilities in South Korea could constitute a force majeure event under our contracts with Samsung, HHI and HSHI and could negatively affect the construction of our newbuildings or result in the shipyards inability to perform under the contracts. In addition, future hostilities or other political instability in regions where our vessels trade could affect our trade patterns and harm our business, operations results, financial condition and ability to pay dividends.

Our insurance may be insufficient to cover losses that may occur to our property or result from our operations due to the inherent operational risks of the shipping industry.

We maintain insurance for our fleet against risks commonly insured against by vessel owners and operators. Our insurance includes hull and machinery insurance, war risks insurance and protection and indemnity insurance (which includes environmental damage and pollution insurance). We may not be adequately insured against all risks and our insurers may not pay a particular claim. Even if our insurance coverage is adequate to cover any vessel loss, we may not be able to timely obtain a replacement vessel. Our credit facilities and lease agreements restrict our use of any proceeds we may receive from claims under our insurance policies. In addition, in the future we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. We may also be subject to supplementary or additional calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations, as an industry group, through which we receive indemnity insurance coverage for statutory, contractual and tort liability, due to the sharing and reinsurance arrangements stated in the insurance rules. Our insurance policies also contain deductibles, limitations and exclusions which, although we believe are standard in the shipping industry, may directly or indirectly increase our costs.

In addition, we do not carry loss-of-hire insurance, which covers the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled dry-docking due to damage to the vessel from accidents. Accordingly, any loss of a vessel or extended vessel off-hire, due to an accident or otherwise, could harm our business, results of operations, financial condition and ability to pay dividends.

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Increased inspection procedures, tighter import and export controls and new security regulations could cause disruption of our business.

International container shipping is subject to security and customs inspection and related procedures in countries of origin, destination and trans-shipment points. These inspections can result in cargo seizure, delays in the loading, offloading, trans-shipment or delivery of containers and the levying of customs duties, fines or other penalties against exporters or importers and, in some cases, customers.

Since the events of September 11, 2001, U.S. and Canadian authorities have increased container inspection rates. Government investment in non-intrusive container scanning technology has grown and there is interest in electronic monitoring technology, including so-called e-seals and smart containers, that would enable remote, centralized monitoring of containers during shipment to identify tampering with or opening of the containers, along with potentially measuring other characteristics such as temperature, air pressure, motion, chemicals, biological agents and radiation.

It is unclear what changes, if any, to the existing inspection procedures will ultimately be proposed or implemented, or how any such changes will affect the industry. Such changes may impose additional financial and legal obligations on carriers and may render the shipment of certain types of goods by container uneconomical or impractical. Additional costs that may arise from current or future inspection procedures may not be fully recoverable from customers through higher rates or security surcharges. Any of these effects could harm our business, operating results and financial results.

An over-supply of containership capacity may lead to reductions in charter hire rates and profitability.

While the size of the containership orderbook has declined over the last 12 months, newbuilding containerships with an aggregate capacity of 3.9 million TEUs, representing approximately 28% of the total fleet capacity as of December 31, 2010, were under construction as of that date. The size of the orderbook will result in the increase in the size of the world containership fleet over the next few years. An over-supply of containership capacity, combined with any decline in the demand for containerships, may result in a reduction of charter hire rates. If such a reduction occurs when we seek to charter newbuilding vessels, our growth opportunities may be diminished. If such a reduction occurs upon the expiration or termination of our containerships current time charters, we may only be able to recharter our containerships for reduced rates or unprofitable rates or we may not be able to recharter our containerships at all.

Over time, containership values may fluctuate substantially and, if these values are lower at a time when we are attempting to dispose of a containership, we may incur a loss or we may not be able to dispose of such containership at all.

Containership values can fluctuate substantially over time due to a number of different factors, including, among others:

- prevailing economic conditions in the market in which the containership trades;
- a substantial or extended decline in world trade;
- increases in the supply of containership capacity; and
- the cost of retrofitting or modifying existing ships, as a result of technological advances in vessel design or equipment, changes in applicable environmental or other regulations or standards, or otherwise.

If a charter terminates, we may be unable to re-deploy the vessel at attractive rates and, rather than continue to incur costs to maintain and finance the vessel, may seek to dispose of it. Our inability to dispose of the containership at a reasonable price, or at all, could result in a loss on its sale and harm our results of operations, financial condition and ability to pay dividends.

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The age of our 4800 TEU secondhand vessels and general aging of our fleet may result in increased operating costs in the future, which could harm our operating results.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. Our fleet includes four 4800 TEU secondhand vessels that had an average age of approximately 22 years as of December 31, 2010. For these vessels, and as the rest of our fleet ages, we will incur increased costs as older vessels are typically more costly to maintain than newer vessels. In addition, cargo insurance rates increase with the age of a vessel, making older vessels less desirable to customers. Governmental regulations and safety or other equipment standards related to the age of vessels may also require expenditures for alterations, or the addition of new equipment, to older vessels and may restrict the type of activities in which these vessels may engage. Increased costs or restrictions on the operation of our older vessels may prevent us from operating them profitably during the remainder of their useful lives and may harm our business, operating results, financial condition and ability to pay dividends.

We are subject to regulation and liability under environmental laws that could require significant expenditures and affect our operations.

Our business and the operation of our containerships are materially affected by environmental regulation in the form of international conventions, national, state and local laws and regulations in force in the jurisdictions in which our containerships operate, as well as in the countries of their registration, including those governing the management and disposal of hazardous substances and wastes, the cleanup of oil spills and other contamination, air emissions, water discharges and ballast water management. Because such conventions, laws and regulations are often revised, we cannot predict the ultimate cost or effect of complying with such requirements or the effect thereof on the resale price or useful life of our containerships. Additional conventions, laws and regulations may be adopted that could limit our ability to do business or increase the cost of our doing business, which may harm our business, operating results, financial condition and ability to pay dividends.

Environmental requirements can also affect the resale value or useful lives of our vessels, require a reduction in cargo capacity, ship modifications or operational changes or restrictions, lead to decreased availability of insurance coverage for environmental matters or result in substantial penalties, fines or other sanctions, including the denial of access to certain jurisdictional waters or ports or detention in certain ports. Under local, national and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including cleanup obligations and natural resource damages, if there is a release of petroleum or other hazardous materials from our vessels or otherwise in connection with our operations. We could also become subject to personal injury or property damage claims relating to the release of hazardous materials associated with our operations.

In addition, in complying with existing environmental laws and regulations and those that may be adopted, we may incur significant costs in meeting new maintenance and inspection requirements and new restrictions on air emissions from our containerships, in developing contingency arrangements for potential spills and in obtaining insurance coverage. Government regulation of vessels, particularly in the areas of safety and environmental requirements, can be expected to become stricter in the future and require us to incur significant capital expenditures on our vessels to keep them in compliance, or even to scrap or sell certain vessels altogether. Substantial violations of applicable requirements or a catastrophic release of bunker fuel from one of our containerships could harm our business, operating results, financial condition and ability to pay dividends.

Compliance with safety and other vessel requirements imposed by classification societies may be costly and harm our business.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention.

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A vessel must undergo annual surveys, intermediate surveys and special surveys to maintain classification society certification. In lieu of a special survey, a vessel s machinery may be on a continuous survey cycle under which the machinery is surveyed periodically over a five-year period. Each of the operating vessels in our fleet is on a special survey cycle for hull inspection and a continuous survey cycle for machinery inspection.

If any vessel does not maintain its class or fails any annual survey, intermediate survey or special survey, the vessel will be unable to trade between ports and will be unemployable and we could be in violation of certain covenants in our credit facilities and our lease agreements for our 4500 TEU vessels. This could harm our business, results of operations, financial condition and ability to pay dividends.

Delays in deliveries of our newbuilding containerships could harm our business and operating results.

We are currently under contract to purchase eight and lease six additional newbuilding containerships, which are scheduled to be delivered at various times through April 2012. These vessels are being built by HHI, HSHI and Samsung shipyards. The delivery of these vessels, or any other newbuildings we may order, could be delayed, which would delay our receipt of revenue under the time charters for the containerships and, if the delay is prolonged, could permit our customers to terminate the newbuilding time charter. Any of such events could harm our results of operations, financial condition and ability to pay dividends.

The delivery of the newbuildings could be delayed because of:

- work stoppages, other labor disturbances or other events that disrupt any of the shipyards operations;
- quality or engineering problems;
- changes in governmental regulations or maritime self-regulatory organization standards;
- bankruptcy or other financial crisis of any of the shipyards;
- a backlog of orders at any of the shipyards;
- hostilities, or political or economic disturbances in South Korea, where the containerships are being built;
- weather interference or catastrophic event, such as a major earthquake or fire;
- our requests for changes to the original containership specifications;
- shortages of or delays in the receipt of necessary construction materials, such as steel;
- our inability to obtain requisite permits or approvals;
- a dispute with any of the shipyards; or

- the failure of our banks to provide debt financing.

In addition, each of the shipbuilding contracts for the 14 newbuilding vessels contains force majeure provisions whereby the occurrence of certain events could delay delivery or possibly result in termination of the contract. If delivery of a containership is materially delayed or if a shipbuilding contract is terminated, it could harm our results of operations, financial condition and ability to pay dividends.

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Due to our lack of diversification, adverse developments in our containership transportation business could harm our results of operations, financial condition and ability to pay dividends.

Our articles of incorporation currently limit our business to the chartering or rechartering of containerships to others and other related activities, unless otherwise approved by our board or directors, the holders of a majority of our Series A Preferred Shares and, for as long as the management agreements with our Manager are in effect, the approval of the holders of our Class C common shares.

We rely exclusively on the cash flow generated from our charters that operate in the containership transportation business. Due to our lack of diversification, an adverse development in the container shipping industry may more significantly harm our results of operations, financial condition and ability to pay dividends than if we maintained more diverse assets or lines of business.

Our charter revenue from the four 4800 TEU secondhand vessels will decrease if APM exercises its options to extend its charters beyond the initial charter period of five years, and if APM does not exercise its options to extend, we may not be able to recharter these vessels at favorable rates or at all.

We purchased our four 4800 TEU secondhand vessels from APM in 2006. Simultaneously with the delivery of the four 4800 TEU vessels, we entered into five-year charter agreements for each of these vessels with APM at a daily hire rate of $23,450. Upon the expiration of the initial five-year time charter term for each of the four 4800 TEU vessels, APM will have two consecutive one-year options to charter each vessel at $22,400 and $21,400 per day, respectively, and a final two-year option to charter each vessel at $20,400 per day. If APM exercises its options, our charter revenue from the four 4800 TEU secondhand vessels will decrease during the option years. In addition, the 4800 TEU vessels are approximately 22 years old, which is relatively old for containerships. If APM does not exercise its options to extend these time charters, the age of these vessels may prevent us from rechartering them at rates favorable to us or at all. If we are unable to recharter our 4800 TEU vessels, we may attempt to sell them. The age of the 4800 TEU vessels may prevent us from being able to sell them at a profit or at all.

Because each existing and newbuilding vessel in our fleet is built or will be built in accordance with standard designs and uniform in all material respect to all other vessels in its TEU class, any material design defect likely will affect all vessels in such class.

Each existing and newbuilding vessel in our fleet is built or will be built in accordance with standard designs and uniform in all material respects to all other vessels in its class. As a result, any latent design defect discovered in one of our vessels will likely affect all of our other vessels in that class. Any disruptions in the operation of our vessels resulting from these defects could harm our business, operating results, financial condition and ability to pay dividends.

There may be greater than normal operational risks with respect to our 9600 TEU vessels.

The two 9600 TEU vessels that we have purchased are some of the first vessels of this type to be built. There is one other company that operated similar vessels built by Samsung, and there may exist greater than normal operational risks associated with these vessels. Any operational risks arising from these vessels could adversely affect our reputation, the receipt of revenue under time charters for or the operating cost of these vessels, and their future resale value.

There are greater than normal construction, delivery and operational risks with respect to our 13100 TEU newbuilding vessels.

The eight 13100 TEU newbuilding vessels that are under construction are some of the first vessels of this type to be built. As such, there may exist greater than normal construction, delivery and operational risks associated with these vessels. Deliveries of these vessels could be delayed and problems with operation of these vessels could be encountered, either of which could adversely affect our reputation, the receipt of revenue under time charters for or the operating cost of these vessels, and their future resale value.

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Increased technological innovation in competing vessels could reduce our charter hire income and the value of our vessels.

The charter hire rates and the value and operational life of a vessel are determined by a number of factors, including the vessel s efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to be loaded and unloaded quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. Physical life is related to the original design and construction, maintenance and the impact of the stress of operations. If new containerships are built that are more efficient or flexible or have longer physical lives than our vessels, competition from these more technologically advanced containerships could adversely affect the amount of charter hire payments we receive for our vessels once their initial charters end and the resale value of our vessels. As a result, our operating results and financial condition could be harmed.

Maritime claimants could arrest our vessels, which could interrupt our cash flow.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against the applicable vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel through foreclosure proceedings. In addition, in some jurisdictions, such as South Africa, under the sister ship theory of liability, a claimant may arrest both the vessel that is subject to the claimant s maritime lien and any associated vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert sister ship liability against one vessel in our fleet for claims relating to another of our ships. The arrest or attachment of one or more of our vessels could interrupt our business and cash flow and require us to pay significant amounts to have the arrest lifted.

Governments could requisition our containerships during a period of war or emergency, resulting in loss of earnings.

The government of a ship s registry could requisition for title or seize our containerships. Requisition for title occurs when a government takes control of a ship and becomes the owner. Also, a government could requisition our containerships for hire. Requisition for hire occurs when a government takes control of a ship and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of our containerships could harm our business, operating results, financial condition and ability to pay dividends.

We depend on our Manager to operate our business, and if our Manager fails to satisfactorily perform its management services, our business, results of operations, financial condition and ability to pay dividends may be harmed.

We do not currently have any employees. Pursuant to our management agreements, our Manager and certain of its affiliates provide us with our executive officers and with all of our services, including technical, commercial, administrative and strategic services (including vessel maintenance, crewing, purchasing, shipyard supervision, insurance, assistance with regulatory compliance and financial services). Our operational success and our ability to grow depend significantly upon our Manager s satisfactory performance of these services. Our business will be harmed if our Manager fails to perform these services satisfactorily. In addition, if any of the management agreements were to be terminated or if their terms were to be amended, our business could be harmed if we could not timely find adequate replacement services, or even if replacement services are immediately available, the terms offered may be less favorable than the ones currently offered by our Manager.

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Our ability to compete for and to enter into new charters and expand our relationships with our customers depends upon our relationship with our Manager and its reputation and relationships in the shipping industry. If our Manager suffers material damage to its reputation or relationships, it may harm our ability to, among other things:

- renew existing charters upon their expiration;
- obtain new charters;
- successfully interact with shipyards;
- obtain financing on commercially acceptable terms;
- maintain satisfactory relationships with our customers and suppliers; or
- grow our business.

If our ability to do any of the things described above is impaired, it could harm our business, results of operations, financial condition and ability to pay dividends.

As we expand our business or if our Manager provides services to third parties, our Manager may need to improve its operating and financial systems, expand its commercial and technical management staff, and recruit suitable employees and crew for our vessels.

Since our initial public offering in 2005, we have increased the size of our contracted fleet from 23 to 69 vessels. Our Manager s current operating and financial systems may not be adequate if we further expand the size of our fleet or if our Manager provides services to third parties and attempts to improve those systems may be ineffective. In addition, if we expand our fleet or our Manager provides services to third parties, our Manager will need to recruit suitable additional administrative and management personnel. Our Manager may not be able to continue to hire suitable employees in such circumstances. If there exists a shortage of experienced labor or if our Manager encounters business or financial difficulties, our Manager may not be able to adequately staff our vessels. If we expand our fleet or our Manager provides services to third parties and our Manager is unable to grow its financial and operating systems or to recruit suitable employees, our business, results of operations, financial condition and ability to pay dividends may be harmed.

The fees that we pay our Manager for its technical management of our ships have increased since our initial public offering and may continue to increase. Additional increases in our technical management or other existing fees, or the introduction of new fees, would increase our operating costs and could harm our results of operations, financial condition and ability to pay dividends.

Under the management agreements for all our vessels, we currently pay our Manager a fixed fee for its technical management of such vessels. The fixed fees that we pay our Manager for its technical management of our fleet have increased and may continue to increase in the future. Pursuant to the management agreements, the current technical fee structure is effective until December 31, 2011 and thereafter, we and our Manager are required to renegotiate new fees every three years. Our Manager has indicated that it believes the fees under our management agreements are below market, and is proposing increases to existing fees and the inclusion of additional new fees under the management agreements. Any increase in the fees we pay our Manager will increase our operating costs and could harm our results of operations, financial condition and ability to pay dividends. Please read Summary Recent Developments Potential Transactions Potential Acquisition of Seaspan Management Services Limited and Change in Management Fees.

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Our Manager and its affiliates have conflicts of interest and limited fiduciary and contractual duties, which may permit them to favor their own interests to your detriment and ours.

Conflicts of interest may arise between our Manager and its affiliates, on the one hand, and us and holders of our securities, on the other hand. As a result of these conflicts, our Manager may favor its own interests and the interests of its affiliates over the interests of the holders of our securities, including the Series C Preferred Shares. These conflicts include, among others, the following situations:

our management agreements, the omnibus agreement and other contractual agreements we have with our Manager and its affiliates were not the result of arm s-length n