

Seaspan CORP  
Form 424B5  
December 05, 2012  
**Table of Contents**

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, DATED DECEMBER 5, 2012

**PROSPECTUS SUPPLEMENT**

(To Prospectus dated August 19, 2010)

**Shares**

**Seaspan Corporation**

**% Series D Cumulative Redeemable Perpetual  
Preferred Shares  
(Liquidation Preference \$25 Per Share)**

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

Dividends on the Series D 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, when, as and if declared by our board of directors. The initial dividend on the Series D Preferred Shares offered hereby will be payable on January 30, 2013. Dividends will be payable out of amounts legally available therefor at an initial rate equal to % per annum of the stated liquidation preference.

At any time on or after January 30, 2018, the Series D Preferred Shares may be redeemed, in whole or in part, out of amounts legally available therefor, at a redemption price of \$25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared.

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

**Investing in our Series D Preferred Shares involves a high degree of risk. Our Series D Preferred Shares have not been rated. Please read Risk Factors beginning on page S-18 of this prospectus supplement and page 5 of the accompanying base prospectus.**

Edgar Filing: Seaspac CORP - Form 424B5

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

	PER SHARE	TOTAL
Public Offering Price	\$	\$
Underwriting Discount and Commissions	\$	\$
Proceeds to Us (Before Expenses)	\$	\$

Delivery of the Series D Preferred Shares is expected to be made in book-entry form through the facilities of The Depository Trust Company on or about December , 2012. We have granted the underwriters an option for a period of 30 days to purchase an additional shares of our Series D Preferred Shares. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be \$ , and total proceeds to us before expenses will be \$ .

*Joint Book-Running Managers*

**Jefferies**

**Incapital**  
*Sole Structuring Agent*

**Credit Suisse**

, 2012

**Table of Contents**

**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 D 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.**

**Table of Contents**

**TABLE OF CONTENTS**

**Prospectus Supplement**

<u>SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-18
<u>FORWARD-LOOKING STATEMENTS</u>	S-39
<u>USE OF PROCEEDS</u>	S-40
<u>RATIO OF EARNINGS TO FIXED CHARGES AND PREFERENCE DIVIDENDS</u>	S-41
<u>CAPITALIZATION</u>	S-42
<u>SELECTED HISTORICAL FINANCIAL AND OPERATING DATA</u>	S-43
<u>THE INTERNATIONAL CONTAINERSHIP INDUSTRY</u>	S-46
<u>BUSINESS</u>	S-54
<u>MANAGEMENT</u>	S-71
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	S-76
<u>FINANCING FACILITIES</u>	S-82
<u>DESCRIPTION OF CAPITAL STOCK</u>	S-85
<u>DESCRIPTION OF SERIES D PREFERRED SHARES</u>	S-88
<u>MARSHALL ISLANDS COMPANY CONSIDERATIONS</u>	S-96
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	S-99
<u>NON-UNITED STATES TAX CONSIDERATIONS</u>	S-105
<u>OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION</u>	S-106
<u>UNDERWRITING</u>	S-107
<u>LEGAL MATTERS</u>	S-110
<u>EXPERTS</u>	S-111
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	S-112

ENFORCEABILITY OF CIVIL LIABILITIES

S-114

GLOSSARY OF SHIPPING TERMS

S-115

**Table of Contents**

**Base Prospectus**

<u>ABOUT THIS PROSPECTUS</u>	i
<u>ABOUT SEASPAN</u>	1
<u>RISK FACTORS</u>	5
<u>USE OF PROCEEDS</u>	6
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	7
<u>DESCRIPTION OF CAPITAL STOCK</u>	8
<u>DESCRIPTION OF PREFERRED SHARES</u>	10
<u>DESCRIPTION OF THE WARRANTS</u>	11
<u>DESCRIPTION OF THE RIGHTS</u>	12
<u>DESCRIPTION OF THE DEBT SECURITIES</u>	13
<u>DESCRIPTION OF UNITS</u>	23
<u>U.S. FEDERAL TAX CONSIDERATIONS</u>	25
<u>NON-U.S. TAX CONSIDERATIONS</u>	33
<u>OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION</u>	34
<u>LEGAL MATTERS</u>	35
<u>PLAN OF DISTRIBUTION</u>	36
<u>EXPERTS</u>	38
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	39
<u>ENFORCEMENT OF CIVIL LIABILITIES</u>	41
<u>FORWARD-LOOKING STATEMENTS</u>	42

**ALTERNATIVE SETTLEMENT DATE**

It is expected that delivery of the Series D Preferred Shares will be made on or about the closing date specified on the cover page of this prospectus supplement, which will be the fifth business day following the date of pricing of the Series D Preferred Shares (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Series D Preferred Shares on the initial pricing date of the Series D Preferred Shares or the next succeeding business day will be required, by virtue of the

## Edgar Filing: Seaspan CORP - Form 424B5

fact that the Series D Preferred Shares initially will settle in T+5, to specify alternative settlement arrangements at the time of any such trade to prevent a failed settlement and should consult their own advisor.

**Table of Contents****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 D Preferred Shares, as well as tax and other considerations that are important to you in making your investment decision. You should consider carefully the Risk Factors section beginning on page S-18 of this prospectus supplement and on page 5 of the accompanying base prospectus to determine whether an investment in our Series D Preferred Shares is appropriate for you. Unless otherwise indicated, all references in this prospectus supplement to dollars and \$ are to, and amounts are presented in, U.S. Dollars, and financial information presented in this prospectus supplement is prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP.*

*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 D 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. In January 2012, we acquired all of the issued and outstanding share capital of our Manager.*

*References to shipbuilders are as follows:*

**SHIPBUILDER**

Jiangsu New Yangzi Shipbuilding Co., Ltd.  
Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd.

**REFERENCE**

New Jiangsu  
Jiangsu Xinfu

*References to customers are as follows:*

**CUSTOMER**

China Shipping Container Lines (Asia) Co., Ltd.<sup>(1)</sup>  
Compañia Sud Americana De Vapores S.A.  
COSCO Container Lines Co., Ltd.<sup>(2)</sup>  
Hanjin Shipping Co., Ltd.  
Hapag-Lloyd USA, LLC<sup>(3)</sup>  
Hyundai Merchant Marine Co., Ltd  
Kawasaki Kisen Kaisha Ltd.  
Mediterranean Shipping Company S.A.  
Mitsui O.S.K. Lines, Ltd.  
Yang Ming (UK) Ltd.

**REFERENCE**

CSCL Asia  
CSAV  
COSCON  
Hanjin  
HL USA  
HMM  
K-Line  
MSC  
MOL  
Yang Ming

<sup>(1)</sup> A subsidiary of China Shipping Container Lines Co., Ltd., or CSCL

<sup>(2)</sup> A subsidiary of China COSCO Holdings Company Limited

<sup>(3)</sup> A subsidiary of Hapag-Lloyd, AG, or Hapag-Lloyd

**Our Company**

We are a leading independent charter owner and manager of containerships, which we charter primarily pursuant to long-term, fixed-rate time charters to major container liner companies. As of November 15, 2012, we operated a fleet of 69 containerships (including eight vessels under long-term leases), and we had entered into contracts for the purchase of an additional three newbuilding containerships, which have scheduled delivery dates through July 2014. Each of our newbuilding vessels will commence operation under long-term, fixed-rate charters upon delivery. The average age of the 69 vessels in our operating fleet was approximately five years as of November 15, 2012.





**Table of Contents**

Customers for our operating fleet are CSCL Asia, HL USA, HMM, COSCON, CSAV, MOL, K-Line, MSC and Yang Ming. The customer for the additional three newbuilding vessels is Hanjin. 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 charters. As of November 15, 2012, the charters on the 69 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.

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

**Table of Contents****Our Fleet****Our Current Fleet**

The following table summarizes key facts regarding our 69 operating vessels as of November 15, 2012:

VESSEL NAME	VESSEL CLASS (TEU)	YEAR BUILT	CHARTER START DATE	CHARTERER	LENGTH OF CHARTER	DAILY CHARTER RATE (in thousands)
COSCO Glory	13100	2011	6/10/11	COSCON	12 years	\$55.0
COSCO Pride <sup>(1)</sup>	13100	2011	6/29/11	COSCON	12 years	55.0
COSCO Development	13100	2011	8/10/11	COSCON	12 years	55.0
COSCO Harmony	13100	2011	8/19/11	COSCON	12 years	55.0
COSCO Excellence	13100	2012	3/8/12	COSCON	12 years	55.0
COSCO Faith <sup>(1)</sup>	13100	2012	3/14/12	COSCON	12 years	55.0
COSCO Hope	13100	2012	4/19/12	COSCON	12 years	55.0
COSCO Fortune	13100	2012	4/29/12	COSCON	12 years	55.0
CSCL Zeebrugge	9600	2007	3/15/07	CSCL Asia	12 years	34.0 <sup>(2)</sup>
CSCL Long Beach	9600	2007	7/6/07	CSCL Asia	12 years	34.0 <sup>(2)</sup>
CSCL Oceania	8500	2004	12/4/04	CSCL Asia	12 years + one 3-year option	29.8 <sup>(3)</sup>
CSCL Africa	8500	2005	1/24/05	CSCL Asia	12 years + one 3-year option	29.8 <sup>(3)</sup>
COSCO Japan	8500	2010	3/9/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
COSCO Korea	8500	2010	4/5/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
COSCO Philippines	8500	2010	4/24/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
COSCO Malaysia	8500	2010	5/19/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
COSCO Indonesia	8500	2010	7/5/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
COSCO Thailand	8500	2010	10/20/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
COSCO Prince Rupert	8500	2011	3/21/11	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
Alianca Itapoa <sup>(5)</sup>	8500	2011	4/21/11	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
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
MSC Veronique	4800	1989	11/25/11	MSC	5 years	10.0 <sup>(6)</sup>
MSC Manu	4800	1988	11/15/11	MSC	5 years	10.0 <sup>(6)</sup>
MSC Leanne	4800	1989	10/19/11	MSC	5 years	10.0 <sup>(6)</sup>
MSC Carole	4800	1989	10/12/11	MSC	5 years	10.0 <sup>(6)</sup>
Brotonne Bridge <sup>(1)</sup>	4500	2010	10/25/10	K-Line	12 years + two 3-year options	34.3 <sup>(7)</sup>
Brevik Bridge <sup>(1)</sup>	4500	2011	1/25/11	K-Line	12 years + two 3-year options	34.3 <sup>(7)</sup>
Bilbao Bridge <sup>(1)</sup>	4500	2011	1/28/11	K-Line	12 years + two 3-year options	34.3 <sup>(7)</sup>
Berlin Bridge <sup>(1)</sup>	4500	2011	5/9/11	K-Line	12 years + two 3-year options	34.3 <sup>(7)</sup>
Budapest Bridge <sup>(1)</sup>	4500	2011	8/1/11	K-Line	12 years + two 3-year options	34.3 <sup>(7)</sup>
CSAV Licanten <sup>(8)</sup>	4250	2001	7/3/01	CSCL Asia	10 years + one 2-year option	18.3 <sup>(9)</sup>
CSCL Chiwan	4250	2001	9/20/01	CSCL Asia	10 years + one 2-year option	18.3 <sup>(9)</sup>
Seaspan Ningbo <sup>(10)</sup>	4250	2002				
Seaspan Dalian	4250	2002	7/26/12	HMM	Up to 6 months	Short-term rate <sup>(11)</sup>
Seaspan Felixstowe <sup>(10)</sup>	4250	2002				
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

Edgar Filing: Seaspan CORP - Form 424B5

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

S-3

**Table of Contents**

VESSEL NAME	VESSEL CLASS (TEU)	YEAR BUILT	CHARTER START DATE	CHARTERER	LENGTH OF 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 <sup>(12)</sup>	\$18.0 <sup>(13)</sup>
Dubai Express	4250	2006	1/3/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>
Jakarta Express	4250	2006	2/21/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>
Saigon Express	4250	2006	4/6/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>
Lahore Express	4250	2006	7/11/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>
Rio Grande Express	4250	2006	10/20/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>
Santos Express	4250	2006	11/13/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>
Rio de Janeiro Express	4250	2007	3/28/07	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>
Manila Express	4250	2007	5/23/07	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>
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
Madinah <sup>(1)</sup>	4250	2009	6/20/12	Yang Ming	Up to 7 months	Short-term rate <sup>(11)</sup>
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 <sup>(14)</sup>
CSCL São Paulo	2500	2008	8/11/08	CSCL Asia	12 years	16.8 <sup>(14)</sup>
CSCL Montevideo	2500	2008	9/6/08	CSCL Asia	12 years	16.8 <sup>(14)</sup>
CSCL Lima	2500	2008	10/15/08	CSCL Asia	12 years	16.8 <sup>(14)</sup>
CSCL Santiago	2500	2008	11/8/08	CSCL Asia	12 years	16.8 <sup>(14)</sup>
CSCL San Jose	2500	2008	12/1/08	CSCL Asia	12 years	16.8 <sup>(14)</sup>
CSCL Callao	2500	2009	4/10/09	CSCL Asia	12 years	16.8 <sup>(14)</sup>
CSCL Manzanillo	2500	2009	9/21/09	CSCL Asia	12 years	16.8 <sup>(14)</sup>
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) This vessel is leased pursuant to a lease agreement, which we used to finance the acquisition of the vessel.

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

(3) 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.

(4) 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.

(5) The name of the COSCO Vietnam was changed to Alianca Itapoa in March 2012, in connection with a sub-charter from COSCON to Hamburg Süd.

(6) MSC has a bareboat charter of five years with a charter rate of \$10,000 per day, increasing to \$14,500 after two years. MSC has agreed to purchase the vessels for \$5.0 million each at the end of the five-year bareboat charter terms. In addition, we pay a 1.25% commission to a broker on all bareboat charter payments for these charters.

(7) 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 per day for the first three-year option period and \$42,500 per day for the second three-year option period.

**Table of Contents**

- (8) This vessel is on sub-charter from CSCL Asia to CSAV.
- (9) CSCL Asia has an initial charter of 10 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 options on the CSAV Licanten and the CSCL Chiwan.
- (10) This vessel currently is idle.
- (11) Given that the term of the time charter is less than one year, the vessel is being chartered at rates applicable to short-term charters.
- (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 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 in successive one-year extensions unless HL USA elects to terminate the charters with two years prior written notice, with a charter rate of \$18,000 per day and \$18,500 per day for the two one-year options.
- (14) 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.

**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 November 15, 2012, we have contracted to purchase three additional newbuilding containerships, which have scheduled delivery dates through July 2014. These three newbuilding vessels consist of the following:

VESSEL	VESSEL~CLASS (TEU)	LENGTH OF TIME CHARTER <sup>(1)</sup>	CHARTERER	SCHEDULED DELIVERY DATE	SHIPBUILDER
Hull No. 983	10000	10 years + one 2-year option	Hanjin	2014	New Jiangsu
Hull No. 985	10000	10 years + one 2-year option	Hanjin	2014	Jiangsu Xinfu
Hull No. 993	10000	10 years + one 2-year option	Hanjin	2014	New Jiangsu

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

The following chart indicates the estimated number of vessels in our fleet based on scheduled delivery dates as of November 15, 2012.

	YEAR ENDING DECEMBER 31, SCHEDULED		
	2012	2013	2014
Deliveries			3
Operating Vessels	69	69	72
<b>Approximate Total Capacity (TEU)</b>	<b>405,100</b>	<b>405,100</b>	<b>435,100</b>

**Market Opportunity**

## Edgar Filing: Seaspan CORP - Form 424B5

We believe that there is an opportunity for shipowners with access to capital to acquire vessels at attractive prices and employ them in a manner that will generate attractive returns on capital and is accretive to cash flow. Due to financial constraints of shipowners 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 2013.

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

S-5

---

## **Table of Contents**

that may acquire vessels upon borrower or lessee defaults. We believe we are well positioned to take advantage of current market opportunities. We believe that we will be able to fund the remaining payments for the three containerships that we have contracted to purchase through the availability under our current credit facilities. We believe we will be able to use our existing debt capacity and current cash balances (exclusive of amounts committed to finance the remaining payments on the three vessels we have agreed to purchase), to fund additional growth beyond our contracted fleet.

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

### **Our Competitive Strengths**

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

- n *Scale, diversity and high quality of our fleet.* We are one of the largest independent charter owners and managers of containerships and believe that the size of our fleet appeals to our customers and provides us cost savings through volume purchases and leverage in negotiating newbuilding contracts and accessing shipyard berths. Our operating fleet of 69 containerships had an average age of approximately five years as of November 15, 2012, which is significantly below the industry average of approximately 11 years. Our three newbuilding vessels also will be subject to our high standards for design, construction quality and maintenance. The vessels in our fleet range in size from 2500 TEU to 13100 TEU, and our 13100 TEU containerships are among the largest sized containerships in operation.
- n *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.
- n *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 November 15, 2012. As a result, substantially all of our revenue is protected from the volatility of spot rates and short-term charters. To further promote cash flow stability, we have primarily placed newbuilding orders and purchased secondhand vessels when we have concurrently entered into long-term time charters with our customers. As of November 15, 2012, and excluding any extensions of our time charters, we had approximately \$5.8 billion of contracted future revenue under existing fixed-rate and bareboat time charters, including approximately \$0.5 billion attributable to time charters for the remaining three newbuilding containerships that we have contracted to purchase.
- n *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 approximately \$2.2 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 \$3.8 billion as of September 30, 2012. We also accessed capital during the recent economic downturn, including raising preferred share equity and entering into sale-leaseback financings. We



**Table of Contents**

believe we will be able to use our existing debt capacity and current cash balances (exclusive of amounts committed to finance the remaining payments on the three vessels we have agreed to purchase), to fund additional growth beyond our contracted fleet. We intend to continue to access existing capital, and to seek new sources of capital, to cost-effectively maintain and grow our fleet over the long term.

- n *Significant delivered 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 November 15, 2012, we had 69 vessels in operation and three newbuilding vessels on order, aggregating 435,100 TEU, an increase since our initial public offering of 272.0% in TEU capacity. The aggregate capacity of the three newbuilding vessels, with scheduled delivery dates through July 2014, represents over 7.4% of the aggregate capacity of our vessels currently in operation. We believe that our longstanding relationships with key constituents in the containership industry, including container liner companies, shipbuilders and shipping banks, as well as our affiliation with Greater China Intermodal Investments LLC (an investment vehicle established by an affiliate of global alternative asset manager The Carlyle Group), or the Vehicle, in which we hold approximately 11.0% ownership interest, will enable us to continue sourcing newbuilding and secondhand vessel acquisition opportunities at terms attractive to us.
  
- n *Experienced management.* Together our chief executive officer, chief operating officer and chief financial officer have over 60 years of professional experience in the shipping industry, and they have experience managing shipping companies through multiple economic cycles. The members of our management team have prior experience with many companies in the international ship management industry, such as China Merchants Group, Neptune Orient Lines, APL Limited, Safmarine Container Lines and Columbia Ship Management, and provide expertise across commercial, technical, financial and other functional management areas of our business. The acquisition of our Manager in January 2012 provides us direct control over these functions.

**Our Business Strategies**

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

- n *Pursuing long-term, fixed-rate charters.* We intend to continue to primarily employ our vessels under long-term, fixed-rate charters, which contribute to the stability of our cash flows. In addition, container liner companies typically employ long-term charters for strategic expansion into major trade routes, while using spot charters for shorter term discretionary needs. To the extent container liner companies expand their services into major trade routes, we believe we are well positioned to participate in their growth.
  
- n *Expanding and diversifying our customer relationships.* Since our initial public offering, we have increased our customer base from two to ten customers and have expanded our revenue from existing customers. We intend to continue to expand our existing customer relationships and to add new customers to the extent container liner companies increase their use of chartered-in vessels to add capacity in their existing trade routes and establish new trade routes. We believe that we will benefit from the expected growth of worldwide container shipping demand, especially in certain markets that we believe have high growth potential, such as Asia, where we have strong customer relationships. We also believe that our experience in working with container liners to provide ship design, construction supervision and chartering services will improve our ability to secure new customers.
  
- n *Actively acquiring newbuilding and secondhand vessels.* We have increased, and intend to further increase, the size of our fleet through selective acquisitions of new and secondhand containerships that we believe will be accretive to our cash flow. We believe that entering into newbuilding contracts will continue our long-term fleet growth and provide modern vessels to our customers. In addition, we intend to continue to selectively consider any nearer-term growth opportunities to acquire high-quality

---

## **Table of Contents**

secondhand vessels, primarily either with existing long-term charters or where we can enter into long-term charters concurrently with the acquisitions. We also intend to consider appropriate (a) partnering opportunities that would allow us to seek to capitalize on opportunities in the newbuilding and secondhand markets with more modest investments, and (b) business acquisitions, as well as the potential sale of any older vessels in our fleet as part of fleet renewal.

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

An investment in our Series D 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. Before investing in our Series D Preferred Shares, you should consider carefully the factors set forth in the section of this prospectus entitled *Risk Factors* beginning on page S-18 of this prospectus supplement and on page 5 of the accompanying base prospectus.

## **Recent Developments**

### ***Anticipated Newbuilding Order and Vessel Acquisition***

We are in negotiations for the construction of two 10000 TEU newbuilding vessels by shipbuilders New Jiangsu and Jiangsu Xinfu and for the chartering of these newbuilding vessels to a leading container liner company under anticipated eight- to ten-year, fixed-rate time charters upon delivery. If the transaction is completed, we anticipate that the newbuilding vessels would be delivered in 2014 and would be constructed using our fuel efficient New Panamax SAVER design.

As part of the anticipated transaction, we are also in negotiations to purchase two existing 4600 TEU vessels, for delivery in the second half of 2013, from the same liner company that would charter the two newbuilding vessels, with the vessels to be chartered back to the liner company under two- to three-year, fixed-rate time charters.

These two newbuilding and two existing vessels would represent our anticipated portion of an overall transaction with the liner company involving four newbuilding and four existing vessels, which transaction would be subject to our right of first refusal agreement with the Vehicle and Blue Water Commerce LLC. We would supervise the construction of all four newbuilding vessels and manage all eight newbuilding and existing vessels.

The potential transaction is subject to completion of negotiations and definitive documentation with the shipyards, the liner company and the Vehicle. The potential transaction may not be completed on the terms described above, if at all.

### ***Proposed Amended and Restated Employment Agreement with CEO Gerry Wang***

The Compensation Committee of our board of directors is in advanced negotiations for an amended and restated employment agreement with our chief executive officer, Gerry Wang, which agreement would supersede the employment agreement we entered into with Mr. Wang in March 2011 in connection with our investment in the Vehicle. The existing employment agreement between Mr. Wang and Seaspan Ship Management Ltd., or SSML, under which Mr. Wang is paid \$600,000 annually, would also terminate, and the fee under our transaction services agreement with Mr. Wang that would apply following any termination of employment through March 31, 2015 would decrease from 1.5% to 1.25% per transaction. For descriptions of our existing arrangements with Mr. Wang, please read *Certain Relationships and Related Party Transactions* Employment Agreement and Other Related Agreements with Gerry Wang. The primary anticipated changes in

**Table of Contents**

the amended employment arrangement would be the extension of Mr. Wang's employment term with us, the granting to Mr. Wang of stock appreciation rights, or SARs, with respect to our common shares, and the termination of the SSML employment agreement.

We anticipate that pursuant to the amended employment agreement, the term of Mr. Wang's employment with us would be extended from January 1, 2013 until the termination of our right of first refusal with the Vehicle, which is scheduled to expire on March 31, 2015, unless earlier terminated. We anticipate that Mr. Wang's aggregate compensation under the amended agreement with us would be the same as that under his existing employment arrangements, other than the SARs grant and termination of his compensation under the SSML employment agreement.

We anticipate that the SARs granted to Mr. Wang would vest and become exercisable in three tranches when and if the fair market value of our common shares equals or exceeds an applicable base price for such tranche for any 20 consecutive trading days on or before the expiration date for such tranche. The varying base prices for the three tranches would each be at a premium to the current trading price of our common shares, and the expiration dates for the tranches would range between three and five years from the grant date. Upon exercise by Mr. Wang of vested SARs, he would receive common shares with a value equal to the spread between the applicable base price and the fair market value of the common shares on the exercise date. We believe we would recognize the compensation expense relating to the SARs prior to expiration of the term of Mr. Wang's employment under the agreement.

Mr. Wang would agree to retain ownership of 50% of the net after-tax number of common shares received upon exercise of the SARs until the later of March 31, 2015 and 120 days after the exercise date with respect to such common shares. If Mr. Wang's employment were terminated by us with cause or Mr. Wang were to terminate his employment without good reason, all unvested SARs would be forfeited and all vested SARs would remain exercisable until the applicable expiration date. Upon termination of Mr. Wang's employment for any other reason, all unvested SARs would remain outstanding and be eligible for future vesting and exercise, and all vested SARs would remain exercisable until their applicable expiration date. Vesting of the SARs would accelerate in the event of a merger, tender offer or similar change of control transaction in which the amount to be paid to holders of common shares in connection with such transaction exceeds the base price for the applicable tranches of SARs.

The proposed changes to Mr. Wang's employment arrangements described above are subject to completion of negotiations and definitive documentation. These changes may not be completed on the terms described above, if at all.

***Proposed SAR Grants to Other Members of Senior Management***

The Compensation Committee of our board of directors also anticipates making SAR grants in early 2013 to certain members of senior management other than Mr. Wang. SARs equal in number to 1/3 of the total SARs granted to Mr. Wang would be granted in the aggregate to the designated members of senior management. The Compensation Committee would determine the members of senior management to receive SARs and the amount of individual SAR awards based on recommendations from Mr. Wang and Kyle Washington, co-chairman of the board of directors. The Compensation Committee anticipates that the SARs would have terms similar to those granted to Mr. Wang, including grants in three tranches and similar vesting provisions, base prices and expiration dates. However, the period during which SAR recipients would agree to retain ownership of 50% of the net after-tax number of common shares received upon exercise of the SARs would be extended until the later of the fifth anniversary of the grant date and 120 days after the exercise date with respect to such common shares.

The proposed grants of SARs to members of our senior management remain subject to final approval by the Compensation Committee of our board of directors. These grants may not be made on the terms described above, if at all.

**Table of Contents**

**Corporate Information**

We are a Marshall Islands corporation incorporated on May 3, 2005. We maintain our principal executive offices at Unit 2, 7<sup>th</sup> Floor, Bupa Centre, 141 Connaught Road West, Hong Kong, China. Our telephone number is (852) 2540-1686. We maintain a website at [www.seaspacorp.com](http://www.seaspacorp.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 D Preferred Shares.

S-10

**Table of Contents**

**THE OFFERING**

<b>Issuer</b>	Seaspan Corporation
<b>Securities Offered</b>	<p>of our % Series D Cumulative Redeemable Perpetual Preferred Shares, par value \$0.01 per share, liquidation preference \$25.00 per share, plus up to an additional shares if the underwriters exercise their option to purchase additional shares in full.</p> <p>For a detailed description of the Series D Preferred Shares, please read Description of Series D Preferred Shares.</p>
<b>Price per Share</b>	\$
<b>Conversion; Exchange and Preemptive Rights</b>	The Series D Preferred Shares will not have any conversion or exchange rights or be subject to preemptive rights.
<b>Dividends</b>	Dividends on Series D Preferred Shares will accrue and be cumulative from the date that the Series D Preferred Shares are originally issued and will be payable on each Dividend Payment Date (as defined below) when, as and if declared by our board of directors out of legally available funds for such purpose.
<b>Dividend Payment Dates</b>	January 30, April 30, July 30 and October 30, commencing January 30, 2013 (each, a Dividend Payment Date).
<b>Dividend Rate</b>	The dividend rate for the Series D Preferred Shares will be % per annum per \$25.00 of liquidation preference per share (equal to \$ per share).
<b>Ranking</b>	<p>The Series D 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 D Preferred Shares will rank:</p> <ul style="list-style-type: none"> <li>n senior to all classes of our common shares (which currently consist of the Class A common shares) and to each other class or series of capital stock established after the original issue date of the Series D Preferred Shares that is not expressly made senior to or on parity with the Series D Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary, or Junior Securities;</li> <li>n <i>pari passu</i> with our existing Series C Preferred Shares and any other class or series of capital stock established after the original issue date of the Series D Preferred</li> </ul>

## Edgar Filing: Seaspan CORP - Form 424B5

Shares that is not expressly subordinated or senior to the Series D Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary, or Parity Securities; and

- n junior to all of our indebtedness and other liabilities with respect to assets available to satisfy claims against us and our Series A

S-11

---

**Table of Contents**

Preferred Shares and each other class or series of capital stock expressly made senior to the Series D Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary, or Senior Securities.

No dividend may be declared or paid or set apart for payment on any Junior Securities (other than a dividend payable solely in shares of Junior Securities) unless (a) full cumulative dividends have been or contemporaneously are being paid or provided for on all outstanding Series D Preferred Shares and any Parity Securities (including the Series C Preferred Shares) through the most recent respective dividend payment dates and (b) we are in compliance with the Net Worth to Preferred Stock Ratio described in

Description of Series D Preferred Shares Net Worth Covenant. Accumulated dividends in arrears for any past dividend period may be declared by our board of directors and paid on any date fixed by our board of directors, whether or not a Dividend Payment Date, to holders of the Series D Preferred Shares on the record date for such payment, which may not be more than 60 days, nor less than 15 days, before such payment date. Subject to the next succeeding sentence, if all accumulated dividends in arrears on all outstanding Series D Shares and any Parity Securities (including the Series C Preferred Shares) have not been declared and paid, or sufficient funds for the payment thereof have not been set apart, payment of accumulated dividends in arrears will be made in order of their respective dividend payment dates, commencing with the earliest. If less than all dividends payable with respect to all Series D Preferred Shares and any Parity Securities (including the Series C Preferred Shares) are paid, any partial payment will be made pro rata with respect to the Series D Preferred Shares and any Parity Securities (including the Series C Preferred Shares) entitled to a dividend payment at such time in proportion to the aggregate amounts remaining due in respect of such shares at such time. Holders of the Series D Preferred Shares will not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends.

**Optional Redemption**

At any time on or after January 30, 2018, we may redeem, in whole or in part, the Series D Preferred Shares at a redemption price of \$25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. Any such redemption would be effected only out of funds legally available for such purpose. We must provide not less than 15 days and not more than 60 days written notice of any such redemption.

**Voting Rights**

Holders of the Series D Preferred Shares generally have no voting rights. However, if and whenever dividends payable on the Series D Preferred Shares are in arrears for six or more quarterly periods, whether or not consecutive, holders of Series D Preferred Shares (voting together as a class with all other classes or series of Parity Securities upon which like voting rights have been conferred and are

**Table of Contents**

exercisable, including holders of our Series C Preferred Shares) will be entitled to elect one additional director to serve on our board of directors, and the size of our board of directors will be increased as needed to accommodate such change (unless the size of our board of directors already has been increased by reason of the election of a director by holders of Parity Securities upon which like voting rights have been conferred and with which the Series D Preferred Shares voted as a class for the election of such director). The right of such holders of Series D Preferred Shares to elect a member of our board of directors will continue until such time as all accumulated and unpaid dividends on the Series D Preferred Shares have been paid in full.

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

In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series D Preferred Shares, voting as a class together with holders of any other Parity Securities upon which like voting rights have been conferred and are exercisable (including holders of our Series C Preferred Shares), we may not (i) issue any Parity Securities if the cumulative dividends payable on outstanding Series D Preferred Shares are in arrears or (ii) create or issue any Senior Securities, in each case other than Series A Preferred Shares that are (A) authorized for issuance on the initial issue date of the Series D Preferred Shares and (B) issued as dividends in respect of Series A Preferred Shares outstanding on the initial issue date of the Series D Preferred Shares or issued as dividends thereafter.

**Net Worth Covenant**

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

For a description of this ratio and for related defined terms, please read Description of Series D Preferred Shares Certain Definitions and Interpretations.

**Fixed Liquidation Price**

In the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, holders of the Series D Preferred Shares will have the right to receive the liquidation preference of \$25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of payment, whether or not declared, before any payments are made to holders of our common stock or any other Junior Securities.

**Sinking Fund**

The Series D Preferred Shares will not be subject to any sinking fund requirements.



**Table of Contents**

<b>Use of Proceeds</b>	We intend to use the net proceeds of the sale of the Series D Preferred Shares, which are expected to total approximately \$        million (or approximately \$        million if the underwriters exercise their option to purchase additional shares in full), for general corporate purposes, which may include making vessel acquisitions or investments. Please read Use of Proceeds.
<b>Ratings</b>	The securities will not be rated by any Nationally Recognized Statistical Rating Organization.
<b>Listing</b>	We intend to file an application to list the Series D Preferred Shares on The New York Stock Exchange, or NYSE. If the application is approved, trading of the Series D Preferred Shares on the NYSE is expected to begin within 30 days after the original issue date of the Series D Preferred Shares. The underwriters have advised us that they intend to make a market in the Series D 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 D Preferred Shares will develop prior to commencement of trading on the NYSE or, if developed, will be maintained.
<b>Tax Considerations</b>	We believe that all or a portion of the distributions you would receive from us with respect to your Series D Preferred Stock would constitute dividends. Under 2012 U.S. federal income tax law, if you are an individual citizen or resident of the United States or a U.S. estate or trust and meet certain holding period requirements, such dividends would be expected to be taxable as qualified dividend income currently subject to a maximum 15% U.S. federal income tax rate. However, in the absence of legislation extending the term for these preferential tax rates, all dividends received by U.S. shareholders in taxable years beginning after December 31, 2012 will be taxed at graduated tax rates applicable to ordinary income, which are significantly higher. 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 D Preferred Shares and, thereafter, as capital gain. Please read Material U.S. Federal Income Tax Considerations.
<b>Form</b>	The Series D Preferred Shares will be issued and maintained only in book-entry form registered in the name of the nominee of The Depository Trust Company, or DTC, except under limited circumstances.
<b>Settlement</b>	Delivery of the Series D Preferred Shares offered hereby will be made against payment therefor on or about December       , 2012.
<b>Risk Factors</b>	An investment in our Series D 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-18 of this prospectus supplement and on page 5 of the accompanying base prospectus to determine whether an investment in our Series D Preferred Shares is appropriate for you.

**Table of Contents**

**SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA**

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

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

- n The historical consolidated financial and operating data as at December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 is derived from our audited consolidated financial statements and the notes thereto, which are contained in our Annual Report on Form 20-F for the year ended December 31, 2011, filed with the Securities and Exchange Commission, or the SEC, on March 26, 2012 and incorporated by reference into this prospectus.
  
- n The historical consolidated financial data as at December 31, 2009 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, 2010, filed with the SEC on March 30, 2011.
  
- n The historical consolidated financial and operating data as at and for the nine months ended September 30, 2012 and 2011 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 November 9, 2012, and incorporated by reference into this prospectus.

**Table of Contents**

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." Certain information has been reclassified to conform with the financial statement presentation adopted in 2012.

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	2011	2010	2009	2012	2011
<b>Statements of operations data (in thousands of dollars):</b>					
Revenue	\$ 564,730	\$ 407,211	\$ 285,594	\$ 487,077	\$ 409,493
Operating expenses:					
Ship operating	135,696	108,098	80,162	101,715	99,805
Depreciation and amortization	140,354	101,026	70,554	122,742	102,200
General and administrative	16,818	9,612	7,968	18,139	11,658
Operating lease				2,035	
Loss (gain) on vessels	16,237			(9,773)	8,890
Operating earnings	255,625	188,475	126,910	252,219	186,940
Other expenses (income):					
Interest expense	50,849	28,801	21,194	54,663	34,801
Change in fair value of financial instruments <sup>(1)</sup>	281,027	241,033	(46,450)	132,607	253,525
Interest income	(854)	(60)	(311)	(928)	(471)
Interest income from leasing	(880)			(3,934)	
Undrawn credit facility fee	4,282	4,515	4,641	1,348	3,434
Amortization of deferred charges	3,421	1,933	1,484	5,643	2,568
Equity loss on investment	1,180			217	
Other			1,100	281	
Net earnings (loss)	\$ (83,400)	\$ (87,747)	\$ 145,252	\$ 62,322	\$ (106,917)
<b>Statements of cash flows data (in thousands of dollars):</b>					
Cash flows provided by (used in):					
Operating activities	\$ 239,864	\$ 153,587	\$ 94,576	\$ 223,968	\$ 158,658
Financing activities	832,293	529,680	312,059	(216,176)	831,573
Investing activities	(625,253)	(782,448)	(409,520)	(215,915)	(608,714)
<b>Selected balance sheet data (at period end, in thousands of dollars):</b>					
Cash and cash equivalents	\$ 481,123	\$ 34,219	\$ 133,400	\$ 273,000	\$ 415,736
Current assets	519,998	46,764	146,053	354,891	435,875
Vessels <sup>(2)</sup>	4,697,249	4,210,872	3,485,350	4,904,089	4,810,904
Total assets	5,447,716	4,377,228	3,664,447	5,570,579	5,384,566
Long-term debt	2,914,247	2,396,771	1,883,146	3,023,935	2,943,565
Share capital <sup>(3)</sup>	838	691	679	772	838
Total shareholders' equity	1,183,425	989,736	1,059,566	1,098,194	1,198,530
<b>Other data:</b>					
Number of vessels in operation at period end	65	55	42	69	65

Edgar Filing: Seaspan CORP - Form 424B5

TEU capacity at period end	352,700	265,300	187,456	405,100	352,700
Fleet utilization rate <sup>(4)</sup>	99.3%	98.7%	99.7%	99.1%	99.2%

S-16

**Table of Contents**

- (1) All of our interest rate swap agreements and swaption agreements are marked to market and the changes in the fair value of these instruments are recorded in earnings.
- (2) Vessel amounts include the net book value of vessels in operation and deposits on vessels under construction.
- (3) For a description of our capital stock, please read Description of Capital Stock.
- (4) Fleet utilization is based on number of operating days divided by the number of ownership days during the period.

**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,			
	2012	2011	2010 <sup>(3)</sup>	2009 <sup>(3)</sup>	2008 <sup>(3)</sup>	2007 <sup>(3)</sup>
Ratio of earnings to fixed charges and preference dividends <sup>(1)</sup>	1.4	<sup>(2)</sup>	<sup>(2)</sup>	2.6	<sup>(2)</sup>	0.5 <sup>(2)</sup>
Dollar amount (in thousands) of deficiency in earnings to fixed charges and preference dividends		118,738	121,484		261,229	29,904

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

n earnings consist of pre-tax income from continuing operations prepared under U.S. 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;

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

n 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 (a) the dividend divided by (b) the result of 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 D Preferred Shares, and we believe is not a ratio generally used by investors to evaluate our overall operating performance.

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

(3) Not adjusted by the dollar amount of Series B Preferred Shares redeemed in December 2011.

---

**Table of Contents**

**RISK FACTORS**

Any investment in our Series D Preferred Shares involves a high degree of risk. You should consider carefully the information contained in this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference into this document before making an investment in our Series D 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 D 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 for general corporate purposes, or may significantly increase our costs of obtaining such funds. Our inability to obtain additional financing at attractive rates, if at all, could harm our business, results of operations, financial condition and ability to pay dividends.

*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 D Preferred Shares.*

We have agreed to acquire an additional three newbuilding containerships with scheduled delivery dates through July 2014. As of November 15, 2012, the total purchase price of the three newbuilding containerships remaining to be paid was estimated to be approximately \$260 million. Our obligation to purchase the three newbuilding containerships is not conditional upon our ability to obtain financing for such purchases. We intend to significantly expand the size of our fleet beyond our existing contracted vessel program. The acquisition of additional newbuilding or existing containerships or businesses will require significant additional capital expenditures.

To fund existing and future capital expenditures, we intend to use cash from operations, incur borrowings, raise capital through the sale of additional securities, enter into other sale-leaseback or financing arrangements, or use a combination of these methods. Use of cash from operations may reduce cash available for dividends to our shareholders, including holders of our Series D 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 D Preferred Shares.*

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

---

**Table of Contents**

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

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

- n 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;
- n incur additional indebtedness under the credit facilities or otherwise, including through the issuance of guarantees;
- n create liens on our assets;
- n sell our vessels without replacing such vessels or prepaying a portion of our loan; or
- n merge or consolidate with, or transfer all or substantially all our assets to, another person.

Accordingly, we may need to seek consent from our lenders or lessors in order to engage in some corporate actions. The interests of our lenders or lessors may be different from ours, and we may be unable to obtain our lenders' or lessors' consent when and if needed. If we do not comply with the restrictions and covenants in our credit or lease facilities, our business, 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 indebtedness incurred under our credit facilities.***

We intend to finance a substantial portion of our fleet expansion with secured indebtedness drawn under our existing and future credit and lease facilities. We have significant repayment obligations under our credit and lease facilities, both prior to and at maturity. The earliest maturity date of our credit facilities is 2015 and we intend to refinance amounts drawn under our existing or future credit facilities with cash from operations, replacement facilities, 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, which could reduce our ability to pay dividends or may require us to delay certain business activities or capital expenditures. If we are not able to satisfy these obligations (whether or not refinanced) under our credit or lease facilities with cash flow from operations, we may have to seek to restructure our indebtedness, undertake alternative financing plans (such as additional debt or equity capital) or sell assets, which may not be available on terms attractive to us or at all. If we are unable to meet our debt obligations, or if we otherwise default under our credit facilities, our lenders could declare all outstanding indebtedness to be immediately due and payable and foreclose on the vessels securing such indebtedness. The market value of our vessels, which fluctuates with market conditions, will also affect our ability to obtain financing or refinancing as our vessels serve as collateral for loans. Lower vessel values at the time of any financing or refinancing may reduce the amounts of funds we may borrow.

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

## Edgar Filing: Seaspan CORP - Form 424B5

As of September 30, 2012, we had approximately \$3.1 billion outstanding under our credit facilities and lease obligations of approximately \$661.5 million. These amounts outstanding under our credit facilities and our lease obligations will further increase following the completion of our acquisition of the three newbuilding containerships that we have contracted to purchase. Our level of debt and vessel lease obligations could have important consequences to us, including the following:

- n 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;

S-19



---

**Table of Contents**

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

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

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

Global financial markets and economic conditions were disrupted and volatile in recent years. 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 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.

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

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



**Table of Contents**

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

The construction period currently required for a newbuilding containership similar to those we have ordered is approximately one year. For each of the newbuilding vessels that we have agreed to purchase, we are required to make certain payment installments prior to a final installment payment, which generally is about half 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 commence following delivery of the vessels.

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

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

The following table shows, as at September 30, 2012, the number of vessels in our operating fleet that were chartered to our then 11 customers and the percentage of our total containership revenue attributable to the charters with such customers for the nine months ended September 30, 2012:

CUSTOMER	NUMBER OF VESSELS IN OUR OPERATING FLEET CHARTERED TO SUCH CUSTOMER	PERCENTAGE OF TOTAL REVENUE FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
CSCL Asia	20	23.8%
COSCON	18	42.1%
K-Line	7	11.7%
Other	24	22.4%
Total	69	100.0%

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

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

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

## Edgar Filing: Seaspan CORP - Form 424B5

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

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

S-21

**Table of Contents**

*Our growth depends upon continued growth in demand for containerships.*

Our growth will generally depend on continued growth and renewal in world and regional demand for containership chartering. The ocean-going shipping container industry is both cyclical and volatile in terms of charter hire rates and profitability. Containership charter rates have fluctuated significantly during the last five years, including significant declines in the second half of 2011. In the future, rates will continue to fluctuate. Fluctuations in containership charter rates 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:

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

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

- n the number of newbuilding orders and deliveries;
- n the extent of newbuilding vessel deferrals;
- n the scrapping rate of containerships;

## Edgar Filing: Seaspan CORP - Form 424B5

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

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

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

As of November 15, 2012, a total of 19 of the 72 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 and our three newbuilding vessels that are being constructed in China are subject to various risks as a result of uncertainties in Chinese law, including (a) the risk of loss of revenues, property or equipment as a result of expropriation, nationalization, changes in laws, exchange

---

**Table of Contents**

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 lender, 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 we have refund guarantees from a Chinese financial institution for installment payments that we will make to the shipbuilders. 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.***

Most of our customers' containership 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 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, results of operations 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 business, results of operations, financial condition and ability to pay dividends.

***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 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. 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 economic growth and this trend could continue or return. Additionally, the European Union and certain of its member states are facing significant economic and political challenges. 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.

**Table of Contents**

*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. Two of our vessels are currently idle and the existing time charters for four of our vessels will expire (excluding options to extend) before 2014. 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. Containership charters are awarded based upon a variety of factors relating to the vessel operator, including, among others:

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

---

**Table of Contents**

Any acquisition of or investment in a vessel or business, including our January 2012 acquisition of our Manager, 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 results of operations, including risks that we may:

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

***We have not completed our assessment of the effectiveness of the Manager's internal controls over financial reporting.***

We are in the process of assessing the internal controls over financial reporting of the Manager, which we acquired in January 2012. Accordingly, we have not yet determined whether such internal controls are effective or if there exist significant deficiencies or material weaknesses in such internal controls. Any such deficiencies or weaknesses could contribute to harm to our business, results of operations, 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 late 2013 and implemented in 2015 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 and may cause 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.

***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:

Edgar Filing: Seaspan CORP - Form 424B5

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

S-25

---

**Table of Contents**

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 certain regions of the world, including, among other areas, the South China Sea and the Gulf of Aden off the coast of Somalia. We may not be adequately insured to cover losses from these incidents, which could harm our business, results of operations, financial condition and ability to pay dividends. In addition, crew costs, including for 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, which would harm our business, results of operations, financial condition and ability to pay dividends.

***Terrorist attacks and international hostilities could harm our business, 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, the Middle East and other regions and periodic tensions between North and South Korea (where many 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 containerhips or customers.

***Our insurance may be insufficient to cover losses that may occur to our property or result from 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 they 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.

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

International containerhip traffic 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.

---

**Table of Contents**

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

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

As of November 1, 2012, newbuilding containerships with an aggregate capacity of 3.5 million TEUs, representing approximately 21.9% of the total fleet capacity as of that date, were under construction. 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 stability or 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.

*Depending on the outcome of a government investigation of container liner companies related to potential antitrust violations, our growth, results of operations and our ability to charter our vessels may be reduced.*

The European Commission is conducting investigations of certain major container liner companies, including some of our existing customers, related to potential violations of European Union competition (antitrust) rules. Although we have no basis for assessing the outcome of these investigations, it is possible that additional financial and legal obligations may be imposed on one or more of these liner companies. Such obligations may make these customers or similarly situated potential customers less likely to enter into or renew time charters for our containerships, which could reduce our growth opportunities and harm our business, results of operations, financial condition and ability to pay dividends. In addition, any significant financial penalties arising from these or similar investigations could reduce the ability of our customers to make charter payments to us, which likewise could harm our business, results of operations, financial condition and ability to pay dividends.

*Over time, containership values may fluctuate substantially, which could adversely affect our operating results or our ability to raise capital.*

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

- n prevailing economic conditions in the market in which the containership trades;
- n a substantial or extended decline in world trade;
- n increases in the supply of containership capacity; and
- n 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 business, results of operations, financial condition and ability to pay dividends.

In addition, if we determine at any time that a containership's value has been impaired, we may need to recognize a significant impairment charge that will reduce our earnings and net assets. A reduction in our net assets could result in a breach of certain financial covenants contained in our credit and lease facilities and our Series C Preferred Shares, which could limit our ability to borrow additional funds under our credit and lease facilities, require us to repay outstanding amounts, or increase the dividend rate of our Series C Preferred Shares. Further, declining containership values could affect our ability to raise cash by limiting our ability to refinance vessels or use unencumbered vessels as collateral.

Edgar Filing: Seaspan CORP - Form 424B5

for new loans. This could harm our business, results of operations, financial condition and ability to pay dividends.

S-27

---

**Table of Contents**

*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, results of operations, 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, security 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, results of operations, 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. In addition, a vessel generally must undergo annual, intermediate and special surveys to maintain classification society certification. If any vessel does not maintain its class or fails any annual, intermediate 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. 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, results of operations, financial condition and ability to pay dividends.*

We are currently under contract to purchase three newbuilding vessels, which are scheduled to be delivered at various times through July 2014. 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 business, results of operations, financial condition and ability to pay dividends.

The delivery of the newbuildings could be delayed because of:

- n work stoppages, other labor disturbances or other events that disrupt any of the shipyards' operations;
- n quality or engineering problems;
- n changes in governmental regulations or maritime self-regulatory organization standards;

- n bankruptcy or other financial crisis of any of the shipyards;

S-28



**Table of Contents**

- n a backlog of orders at any of the shipyards;
- n hostilities, or political or economic disturbances in China, where the containerships are being built;
- n weather interference or catastrophic event, such as a major earthquake, fire or tsunami;
- n our requests for changes to the original containership specifications;
- n shortages of or delays in the receipt of necessary construction materials, such as steel;
- n our inability to obtain requisite permits or approvals;
- n a dispute with any of the shipyards;
- n the failure of our banks to provide debt financing; or
- n a disruption to the financial markets.

In addition, each of the shipbuilding contracts for the three 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 business, results of operations, financial condition and ability to pay dividends.

***Due to our lack of diversification, adverse developments in our containership transportation business could harm our business, 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 of directors and the holders of a majority of our Series A Preferred Shares.

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

***Because each existing and newbuilding vessel in our contracted fleet is or will be built in accordance with standard designs and uniform in all material respects 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, results of operations, financial condition and ability to pay dividends.

***There are greater than normal construction, delivery and operational risks with respect to our New Panamax 10000 and 13100 TEU newbuilding vessels.***

Our eight 13100 TEU newbuilding vessels that have been delivered are some of the first vessels of this type to be built. In addition, we have contracted to purchase three New Panamax 10000 TEU vessels and may order additional vessels of this type in the future. These 10000 TEU vessels will be the first vessels constructed using this new design and the first vessels constructed of this size at this particular shipyard. As such,

## Edgar Filing: Seaspan CORP - Form 424B5

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.

***Increased technological innovation in competing vessels could reduce our charter hire rates 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

S-29

---

**Table of Contents**

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 business, results of operations, financial condition and ability to pay dividends 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, which could harm our business, results of operations, financial condition and ability to pay dividends.

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

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

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

***Exposure to currency exchange rate fluctuations may result in fluctuations in our results of operations and financial condition.***

All of our charter revenues are earned in U.S. dollars. Although a significant portion of our operating and general and administrative costs are incurred in U.S. dollars, we have some exposure to currencies other than U.S. dollars, including Canadian dollars, Indian Rupees, Euros and other foreign currencies. Although we monitor exchange rate fluctuations on a continuous basis, and seek to reduce our exposure in certain circumstances by denominating charter-hire revenue, ship building contracts, purchase contracts and debt obligations in U.S. dollars when practical to do so, we do not currently fully hedge movements in currency exchange rates. As a result, currency fluctuations may have a negative effect on our results of operations and financial condition.

***Damage to our reputation or industry relationships could harm our business.***

Our operational success and our ability to grow depend significantly upon our satisfactory performance of technical services (including vessel maintenance, crewing, purchasing, shipyard supervision, insurance, assistance with regulatory compliance and financial services). Our business will be harmed if we fail to perform these services satisfactorily. Our ability to compete for and to enter into new charters and expand our relationships with our customers depends upon our reputation and relationships in the shipping industry. If we suffer material damage to our reputation or relationships, it may harm our ability to, among other things:

n renew existing charters upon their expiration;

n obtain new charters;

n successfully interact with shipyards;

S-30

---

**Table of Contents**

- n dispose of vessels on commercially acceptable terms;
  
- n obtain financing on commercially acceptable terms;
  
- n maintain satisfactory relationships with our customers and suppliers; or
  
- n 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 provide services to third parties, we may need to improve our operating and financial systems, expand our 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 72 vessels. We have also agreed to provide technical management services to third parties, including the Vehicle, and affiliates of Dennis R. Washington for vessels they may acquire. Our current operating and financial systems may not be adequate if we further expand the size of our fleet or if we provide services to third parties, and attempts to improve those systems may be ineffective. In addition, we will need to recruit suitable additional administrative and management personnel to manage any growth. We may not be able to continue to hire suitable employees in such circumstances. If there exists a shortage of experienced labor or if we encounter business or financial difficulties, we may not be able to adequately staff our vessels. If we expand our fleet, or as we provide services to third parties, and we are unable to grow our financial and operating systems or to recruit suitable employees, our business, results of operations, financial condition and ability to pay dividends may be harmed.

***Our chief executive officer does not devote all of his time to our business.***

Our chief executive officer, Gerry Wang, is involved in other business activities that may result in his spending less time than is appropriate or necessary in order to manage our business successfully. Pursuant to his employment agreement with us, Mr. Wang is permitted to provide services to Tiger Management Limited, an entity owned and controlled by our director Graham Porter, or the Tiger Member, and the Vehicle and certain of their respective affiliates, in addition to the services that he provides to us. In addition, Mr. Wang is the chairman of the board of managers of the Vehicle. Please read [Certain Relationships and Related Party Transactions](#) [Certain Relationships and Transactions](#).

***Our business depends upon certain employees who may not necessarily continue to work for us.***

Our future success depends to a significant extent upon our chief executive officer and co-chairman of our board of directors, Gerry Wang, and certain members of our senior management. Mr. Wang has substantial experience and relationships in the containership industry and has been instrumental in developing our relationships with our customers. Mr. Wang and other members of our senior management are crucial to the development of our business strategy and to the growth and development of our business. If they, and Mr. Wang in particular, were no longer to be affiliated with us, we may fail to recruit other employees with equivalent talent, experience and relationships, and our business, results of operations, financial condition and ability to pay dividends may be harmed as a result. Although we are negotiating an extension of Mr. Wang's employment agreement, which is currently scheduled to expire on January 1, 2013, Mr. Wang could terminate his employment at any time. As such, it is possible that Mr. Wang will no longer provide services to us and that our business, results of operations, financial condition and ability to pay dividends may be harmed by the loss of such services. Please read [Summary](#) [Recent Developments](#) [Proposed Amended and Restated Employment Agreement with CEO Gerry Wang](#).

***We may not achieve expected benefits from our participation in the Carlyle investment vehicle.***

In March 2011, we agreed to participate in the Vehicle, which invests in containership assets, primarily newbuilding vessels strategic to Greater China. We believe that the combined scale of our business and the Vehicle, together with current excess capacity at shipyards, allows us to realize volume discounts for newbuilding orders and to negotiate fuel-efficient design improvements from shipyards that are attractive to our customers. To the extent excess shipyard capacity decreases, we may be unable to achieve these benefits. In addition, we may be unable to obtain more attractive vessel financing through the Vehicle than otherwise available to us on our own.



**Table of Contents**

***The Vehicle intends to compete in our markets, and its entry into the containership market may harm our business, results of operations, financial position and ability to pay dividends.***

Carlyle, which controls the Vehicle, is a leading global alternative asset manager. The Vehicle intends to invest equity capital in containership and other maritime assets, primarily newbuilding vessels strategic to Greater China, which is similar to our growth strategy of investing in primarily newbuilding vessels strategic to Greater China. The involvement of Carlyle in the Vehicle and the amount of funds that the Vehicle may invest in containerships could result in the Vehicle becoming the owner of a significant fleet of containerships, which could compete with us for growth opportunities, subject to certain rights of first refusal in our favor that may continue up to March 31, 2015, subject to earlier termination. Please read **Certain Relationships and Related Party Transactions** Our Investment in Carlyle Containership-Focused Investment Vehicle **Rights of First Refusal and First Offer Agreements**. Our business, results of operations, financial condition and ability to pay dividends could be harmed to the extent the Vehicle successfully competes against us for containership opportunities.

***We have reduced the fiduciary duties of Gerry Wang and Graham Porter in relation to certain growth opportunities that become subject to our right of first refusal with the Vehicle, which may limit our rights in such growth opportunities to our rights under the right of first refusal.***

Pursuant to agreements between us and each of our chief executive officer and co-chairman of our board of directors, Gerry Wang, and our director Graham Porter, we have reduced the fiduciary duties of Mr. Wang and Mr. Porter in relation to certain containership vessel and business opportunities to the extent such opportunities are subject to our right of first refusal with the Vehicle and (a) the conflicts committee of our board of directors decides to reject such opportunity or we fail to exercise our right of first refusal to pursue such opportunity, (b) we exercise such right but fail to pursue such opportunity or (c) we do not have the right under our right of first refusal to pursue such opportunity. Our rights to such opportunities may be limited to our rights under our right of first refusal with the Vehicle, which would be more restrictive than the rights based on fiduciary duties we otherwise would have relating to such opportunities.

***In order to timely exercise our right of first refusal from the Vehicle, we may be required to enter into containership construction contracts without financing arrangements or charter contracts then being in place, which may result in financing on less favorable terms or employment of the vessels other than on long-term, fixed-rate charters, if at all.***

Under our right of first refusal with the Vehicle relating to containership acquisition opportunities, we generally must exercise our right of first refusal within 12 business days of receiving a notice from the Vehicle of the acquisition opportunity. At the time we must exercise our right of first refusal, there may be no financing arrangement or charter commitment relating to the newbuilding or existing containership to be acquired. If we elect to acquire the vessel without a financing arrangement or charter commitment then in place, we may be unable subsequently to obtain financing or charter the vessel on a long-term, fixed-rate basis, on terms that will result in positive cash flow to us from operation of the vessel, or at all. Accordingly, our business, results of operations, financial condition and ability to pay dividends may be harmed.

***Certain of our officers and directors or their affiliates have separate interests in or related to the Vehicle, which may result in conflicts of interest between their interests and those of us and our shareholders relative to the Vehicle.***

Our director Graham Porter, through his interest in the Tiger Member, is an indirect investor in Greater China Industrial Investments LLC, or GC Industrial, the member with the largest capital commitment in the Vehicle. Blue Water Commerce, LLC, an affiliate of Dennis R. Washington, or the Washington Member, has an indirect interest in the Tiger Member. As a result, Mr. Porter and the Washington Member will have an indirect interest in incentive distributions received by GC Industrial from the Vehicle. These incentive distributions will range between 20% and 30% after a cumulative compounded rate of return of 12% has been generated on all member capital contributions. Our chief executive officer, Gerry Wang, is the chairman of the board of managers of the Vehicle. Messrs. Wang and Porter are members of the Vehicle's transaction committee, which will be primarily responsible for approving the purchase, newbuild contracting, chartering, financing and technical management of new and existing investments for the Vehicle. Kyle R. Washington, co-chairman of our board of directors, is a non-voting member of the Vehicle's transaction committee. In addition, affiliates of Messrs. Wang and Porter provide certain transactional and financing services to the Vehicle, for which they receive compensation.

As a result of these interests relating to the Vehicle, the interests of Messrs. Wang, Porter and Kyle R. Washington may conflict with those of us or our shareholders relative to the Vehicle.

## **Table of Contents**

*Anti-takeover provisions in our organizational documents could make it difficult for our shareholders to replace or remove our current board of directors or have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of our securities.*

Several provisions of our Articles of Incorporation and our bylaws could make it difficult for our shareholders to change the composition of our board of directors in any one year, preventing them from changing the composition of management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable.

These provisions include:

- n authorizing our board of directors to issue blank check preferred shares without shareholder approval;
- n providing for a classified board of directors with staggered, three-year terms;
- n prohibiting cumulative voting in the election of directors;
- n authorizing the removal of directors only for cause and only upon the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote for those directors;
- n prohibiting shareholder action by written consent unless the written consent is signed by all shareholders entitled to vote on the action;
- n limiting the persons who may call special meetings of shareholders;
- n establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by shareholders at shareholder meetings; and
- n restricting business combinations with interested shareholders.

We have also adopted a shareholder rights plan pursuant to which our board of directors may cause the substantial dilution of the holdings of any person that attempts to acquire us without the board's prior approval.

In addition, holders of our Series A Preferred Shares have the power to vote as a single class to approve certain major corporate changes, including any merger, consolidation, asset sale or other disposition of all or substantially all of our assets. These shareholders could exercise this power to block a change of control that might otherwise be beneficial to holders of our other securities. Please read Description of Capital Stock Preferred Stock Series A Preferred Shares.

These anti-takeover provisions, including the provisions of our shareholder rights plan, could substantially impede a potential change in control and, as a result, may adversely affect the market price of our securities.

*We are incorporated in the Republic of the Marshall Islands, which does not have a well developed body of corporate law.*

Our corporate affairs are governed by our Articles of Incorporation and bylaws and by the Marshall Islands Business Corporations Act, or BCA. The provisions of the BCA resemble provisions of the corporation laws of some states in the United States. However, there have been few judicial cases in the Republic of the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the laws of the Republic of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or



## Edgar Filing: Seaspan CORP - Form 424B5

judicial precedent in existence in certain United States jurisdictions. Shareholder rights may differ as well. While the BCA does specifically incorporate non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, our public shareholders may have more difficulty in protecting their interests in the face of actions by management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction.

***Because we are organized under the laws of the Marshall Islands, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.***

We are organized under the laws of the Marshall Islands, and all of our assets are located outside of the United States. Our principal executive offices are located in Hong Kong and a majority of our directors and officers are residents outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against our directors or our management in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or our directors and officers.

S-33

## **Table of Contents**

### **Risks of Investing in the Series D Preferred Shares**

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

We will pay quarterly dividends on our Series D Preferred Shares from funds legally available for such purpose when, as and if declared by our board of directors. We may not have sufficient cash available each quarter to pay dividends. In addition, we may have insufficient cash available to redeem our Series D Preferred Shares. The amount of dividends we can pay or the amount we can use to redeem Series D Preferred Shares depends upon the amount of cash we generate from and use in our operations, which may fluctuate significantly based on, among other things:

- n the rates we obtain from our charters or recharterers and the ability of our customers to perform their obligations under their time charters;
- n the level of our operating costs;
- n the number of unscheduled off-hire days for our fleet and the timing of, and number of days required for, dry-docking of our containerships;
- n delays in the delivery of new vessels and the beginning of payments under charters relating to those ships;
- n prevailing global and regional economic and political conditions;
- n the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business;
- n changes in the basis of taxation of our activities in various jurisdictions;
- n our ability to service and refinance our current and future indebtedness;
- n our ability to raise additional debt and equity to satisfy our capital needs; and
- n our ability to draw on our existing credit facilities and the ability of our lenders and lessors to perform their obligations under their agreements with us.

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

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

- n changes in our operating cash flow, capital expenditure requirements, working capital requirements and other cash needs;

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

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

***The Series D Preferred Shares represent perpetual equity interests.***

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

**Table of Contents**

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

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

- n prevailing interest rates;
- n the market for similar securities;
- n general economic and financial market conditions;
- n our issuance of debt or preferred equity securities; and
- n our financial condition, results of operations and prospects.

We have been advised by the underwriters that they intend to make a market in the shares of our Series D Preferred Shares pending any listing of the shares on the NYSE, but they are not obligated to do so and may discontinue market-making at any time without notice.

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

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

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

Our Series D Preferred Shares are subordinated to all of our existing and future indebtedness and lease obligations. As of September 30, 2012, we had outstanding indebtedness and lease obligations of approximately \$3.8 billion. Our existing indebtedness restricts, and our future indebtedness may include restrictions on, our ability to pay dividends to preferred shareholders. Our charter currently authorizes the issuance of up to 65 million shares of preferred stock in one or more classes or series. The issuance of additional preferred stock on a parity with or senior to our Series D Preferred Shares would dilute the interests of the holders of our Series D Preferred Shares, and any issuance of preferred stock senior to or on a parity with our Series D Preferred Shares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series D Preferred Shares. No provisions relating to our Series D Preferred Shares protect the holders of

## Edgar Filing: Seaspan CORP - Form 424B5

our Series D Preferred Shares in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, which might adversely affect the holders of our Series D Preferred Shares.

S-35

---

**Table of Contents**

***The Series D Preferred Shares are subordinated to our Series A Preferred Shares and pari passu with our Series C Preferred Shares.***

Our Series A Preferred Shares rank senior to the Series D Preferred Shares. Accordingly, we must satisfy our obligations to make preferred distributions to the Series A Preferred Shares before we may make distributions to holders of the Series D Preferred Shares. In addition, in the event of our bankruptcy or liquidation, holders of Series A Preferred Shares will generally be entitled to payment of their liquidation preference from our assets before those assets are made available for distribution to holders of the Series D Preferred Shares. As a result, any right that you have to receive any of our assets upon our liquidation or reorganization will be subordinate to the liquidation preference of the Series A Preferred Shares. As of November 15, 2012, the liquidation preference on the outstanding Series A Preferred Shares was approximately \$301.4 million.

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

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

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

***As a holder of Series D Preferred Shares you have extremely limited voting rights.***

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

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

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

---

## **Table of Contents**

### **Tax Risks**

In addition to the following risk factors, you should read *Business Taxation of the Company*, *Material U.S. Federal Income Tax Considerations and Non-United States Tax Consequences* for a more complete discussion of the expected material U.S. federal and non-U.S. income tax considerations relating to us and the ownership and disposition of our Series D Preferred Shares.

***U.S. tax authorities could treat us as a passive foreign investment company, which could have adverse U.S. federal income tax consequences to U.S. shareholders.***

A non-U.S. entity treated as a corporation for U.S. federal income tax purposes will be treated as a passive foreign investment company, or a PFIC, for such purposes in any taxable year for which either (i) at least 75% of its gross income consists of passive income or (ii) at least 50% of the average value of the corporation's assets is attributable to assets that produce or are held for the production of passive income. For purposes of these tests, passive income includes dividends, interest, gains from the sale or exchange of investment property, rents and royalties (other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business) but does not include income derived from the performance of services.

There are legal uncertainties involved in determining whether the income derived from our time-chartering activities constitutes rental income or income derived from the performance of services, including the decision in *Tidewater Inc. v. United States*, 565 F.3d 299 (5th Cir. 2009), which held that income derived from certain time chartering activities should be treated as rental income rather than services income for purposes of a foreign sales corporation provision of the Internal Revenue Code of 1986, as amended, or the Code. However, the Internal Revenue Service, or IRS, stated in an Action on Decision (AOD 2010-01) that it disagrees with, and will not acquiesce to, the way that the rental versus services framework was applied to the facts in the *Tidewater* decision, and in its discussion stated that the time charters at issue in *Tidewater* would be treated as producing services income for PFIC purposes. The IRS's statement with respect to *Tidewater* cannot be relied upon or otherwise cited as precedent by taxpayers. Consequently, in the absence of any binding legal authority specifically relating to the statutory provisions governing PFICs, there can be no assurance that the IRS or a court would not follow the *Tidewater* decision in interpreting the PFIC provisions of the Code. Nevertheless, based on the current composition of our assets and operations (and those of our subsidiaries), we intend to take the position that we are not now and have never been a PFIC, and our counsel, Perkins Coie LLP, is of the opinion that we should not be a PFIC based on applicable law, including the Code, legislative history, published revenue rulings and court decisions, and representations we have made to them regarding the composition of our assets, the source of our income and the nature of our activities and other operations following this offering. No assurance can be given, however, that the opinion of Perkins Coie LLP would be sustained by a court if contested by the IRS, or that we would not constitute a PFIC for any future taxable year if there were to be changes in our assets, income or operations.

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders would face adverse tax consequences. For a more comprehensive discussion regarding our status as a PFIC and the tax consequences to U.S. shareholders if we are treated as a PFIC, please read *Material U.S. Federal Income Tax Considerations U.S. Federal Income Taxation of U.S. Holders PFIC Status and Significant Tax Consequences*.

***The preferential tax rates applicable to qualified dividend income expire for tax years beginning after December 31, 2012, and the absence of legislation extending the term would cause our dividends to be taxed at significantly higher ordinary graduated tax rates.***

Certain of our distributions may be treated as qualified dividend income eligible for preferential rates of U.S. federal income tax to individual U.S. shareholders (and certain other U.S. shareholders). In the absence of legislation extending the term for these preferential tax rates, all dividends received by such U.S. shareholders in taxable years beginning after December 31, 2012 will be taxed at graduated tax rates applicable to ordinary income. Please read *Material U.S. Federal Income Tax Considerations U.S. Federal Income Taxation of U.S. Holders Distributions on Our Series D Preferred Shares*.

**Table of Contents**

*We, or any of our subsidiaries, may become subject to income tax in jurisdictions in which we are organized or operate, including the United States, Canada and Hong Kong, which would reduce our earnings and potentially cause certain shareholders to be subject to tax in such jurisdictions.*

We intend that our affairs and the business of each of our subsidiaries will be conducted and operated in a manner that minimizes income taxes imposed upon us and our subsidiaries. However, there is a risk that we will be subject to income tax in one or more jurisdictions, including the United States, Canada and Hong Kong, if under the laws of any such jurisdiction, we or such subsidiary is considered to be carrying on a trade or business there or earn income that is considered to be sourced there and we do not or such subsidiary does not qualify for an exemption. Please read [Business Taxation of the Company](#). In addition, while we do not believe that we are, nor do we expect to be, resident in Canada, in the event that we were treated as a resident of Canada, shareholders who are non-residents of Canada may be or become subject to tax in Canada. Please read [Business Taxation of the Company](#) [Canadian Taxation](#) and [Non-United States Tax Considerations](#) [Canadian Federal Income Tax Considerations](#).

S-38



**Table of Contents**

**FORWARD-LOOKING STATEMENTS**

Our disclosure and analysis in the prospectus concerning our operations, cash flows, and financial position, including, in particular, the likelihood of our success in developing and expanding our business, include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as expects, anticipates, intends, plans, believes, estimates, projects, forecasts, will, may, potential, should, and similar expressions are forward-looking statements. Although these statements are based upon assumptions we believe to be reasonable based upon available information, including projections of revenues, operating margins, earnings, cash flow, working capital and capital expenditures, they are subject to risks and uncertainties that are described more fully in this prospectus in the section titled Risk Factors. These forward-looking statements represent our estimates and assumptions only as of the date of this prospectus and are not intended to give any assurance as to future results. As a result, you are cautioned not to rely on any forward-looking statements. Forward-looking statements appear in a number of places in this prospectus. These statements include, among others, statements about:

- n future operating or financial results;
- n future growth prospects;
- n our business strategy and other plans and objectives for future operations;
- n our expectations relating to dividend payments and our ability to make such payments;
- n potential acquisitions, vessel financing arrangements and other investments, and our expected benefits from such transactions, including any acquisition opportunities, vessel financing arrangements and related benefits relating to our venture with the Vehicle;
- n our negotiations with our chief executive officer as to his employment arrangements with us;
- n the effects of the acquisition of our Manager on our operations and results;
- n the amount of any adjustment of the purchase price we paid for our Manager and any payments to the former owners of our Manager related to fleet growth;
- n operating expenses, availability of crew, number of off-hire days, dry-docking requirements and insurance costs;
- n general market conditions and shipping market trends, including charter rates and factors affecting supply and demand;
- n our financial condition and liquidity, including our ability to borrow funds under our credit facilities and to obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities;
- n estimated future capital expenditures needed to preserve our capital base;

## Edgar Filing: Seaspan CORP - Form 424B5

- n our expectations about the availability of vessels to purchase, the time that it may take to construct new vessels, the delivery dates of new vessels, the commencement of service of new vessels under long-term time charter contracts or the useful lives of our vessels;
- n our continued ability to enter into primarily long-term, fixed-rate time charters with our customers;
- n our ability to leverage to our advantage our relationships and reputation in the containership industry;
- n changes in governmental rules and regulations or actions taken by regulatory authorities, and the effect on our business of governmental regulations;
- n the financial condition of our shipbuilders, customers, lenders, refund guarantors and other counterparties and their ability to perform their obligations under their agreements with us;
- n the economic downturn and crisis in the global financial markets and potential negative effects of any recurrence of such disruptions on our customers' ability to charter our vessels and pay for our services;
- n taxation of our company and of distributions to our shareholders;
- n potential liability from future litigation; and
- n other factors discussed in the section titled "Risk Factors."

We expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations, or otherwise. We make no prediction or statement about the performance of our securities.

**Table of Contents**

**USE OF PROCEEDS**

We will receive net proceeds of approximately \$       million, or \$       million if the underwriters exercise their option to purchase additional shares of the Series D Preferred Shares in full (in each case after deducting underwriting discounts and estimated offering expenses) from the issuance of Series D Preferred Shares in this offering. We intend to use the net proceeds from this offering for general corporate purposes, which may include making vessel acquisitions or investments.

S-40

**Table of Contents****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		YEAR ENDED DECEMBER 31,			
	SEPTEMBER 30, 2012	2011	2010 <sup>(3)</sup>	2009 <sup>(3)</sup>	2008 <sup>(3)</sup>	2007 <sup>(3)</sup>
Ratio of earnings to fixed charges and preference dividends <sup>(1)</sup>	1.4	(2)	(2)	2.6	(2)	0.5 <sup>(2)</sup>
Dollar amount (in thousands) of deficiency in earnings to fixed charges and preference dividends		118,738	121,484		261,229	29,904

<sup>(1)</sup> For purposes of calculating the ratios of earnings to fixed charges and preference dividends:

n earnings consist of pre-tax income from continuing operations prepared under U.S. 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;

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

n 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 (a) the dividend divided by (b) the result of 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 D Preferred Shares, and we believe is not a ratio generally used by investors to evaluate our overall operating performance.

<sup>(2)</sup> The ratio of earnings to fixed charges and preference dividends for this period was less than 1.0x.

<sup>(3)</sup> Not adjusted by the dollar amount of Series B Preferred Shares redeemed in December 2011.

**Table of Contents****CAPITALIZATION**

The following table sets forth our capitalization as of September 30, 2012, and as adjusted as of September 30, 2012 to give effect to the issuance of the Series D Preferred Shares offered hereby and the application of the net proceeds therefrom. Please read Use of Proceeds.

	<b>SEPTEMBER 30, 2012</b>	
	<b>ACTUAL</b>	<b>AS ADJUSTED</b>
	<b>(Unaudited)</b>	
	<b>(dollars in thousands)</b>	
Cash and cash equivalents	\$ 273,000	\$
Long-term debt (including current portion)	\$ 3,097,132	\$
Other long-term liabilities (including current portion) <sup>(1)</sup>	661,506	
Shareholders' equity:		
Share capital		
Series A Preferred Shares, \$0.01 par value; 315,000 shares authorized; 200,000 shares issued and outstanding		
Series B Preferred Shares, \$0.01 par value; 260,000 shares authorized; no shares issued and outstanding		
Series C Preferred Shares, \$0.01 par value; 40,000,000 shares authorized; 14,000,000 shares issued and outstanding		
Series D Preferred Shares, \$0.01 par value; 20,000,000 shares authorized; no shares issued and outstanding, actual;        shares issued and outstanding, as adjusted		
Class A common shares, par value \$0.01 per share, 200,000,000 shares authorized; 63,009,069 shares issued and outstanding <sup>(2)</sup>		
Class B common shares, par value \$0.01 per share, 25,000,000 shares authorized; no shares issued and outstanding		
Class C common shares, par value \$0.01 per share, 100 shares authorized; no shares issued and outstanding	772	
Treasury shares	(301)	
Additional paid-in capital	1,775,392	
Deficit	(628,889)	
Accumulated other comprehensive loss	(48,780)	
<b>Total shareholders' equity</b>	<b>1,098,194</b>	
<b>Total capitalization</b>	<b>\$ 5,129,832</b>	<b>\$</b>

<sup>(1)</sup> Other long-term liabilities represent amounts due under non-recourse or limited recourse sale-leaseback arrangements with financial institutions to fund certain operating vessels.

<sup>(2)</sup> Excludes additional shares we will issue in connection with our acquisition of our Manager in January 2012 for certain additional vessels the Manager (or its successor) manages prior to August 15, 2014. Please read Certain Relationships and Related Party Transactions Acquisition of Seaspan Management Services Limited.

**Table of Contents**

**SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA**

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

The selected historical consolidated financial and operating data has been prepared on the following basis:

- n The historical consolidated financial and operating data as at December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 is derived from our audited consolidated financial statements and the notes thereto, which are contained in our Annual Report on Form 20-F for the year ended December 31, 2011, filed with the SEC on March 26, 2012 and incorporated by reference into this prospectus.
  
- n The historical financial and operating data as at December 31, 2009, 2008 and 2007 and for the years ended December 31, 2008 and 2007 is derived from our audited consolidated financial statements and the notes thereto, which are contained in our Annual Reports on Form 20-F for the years ended December 31, 2009 and 2008, filed with the SEC on March 30, 2011 and March 19, 2010, respectively.
  
- n The historical financial and operating data as at and for the nine months ended September 30, 2012 and 2011 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 November 9, 2012, and incorporated by reference into this prospectus.

**Table of Contents**

The following table should be read together with, and is qualified in its entirety by reference to, our financial statements and historical predecessor combined financial statements, and the notes thereto incorporated by reference into this prospectus. Certain information has been reclassified to conform to the financial statement presentation adopted in 2012.

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	2011	2010	2009	2008	2007	2012	2011
<b>Statements of operations data (in thousands of dollars):</b>							
Revenue	\$ 564,730	\$ 407,211	\$ 285,594	\$ 229,405	\$ 199,235	\$ 487,077	\$ 409,493
Operating expenses:							
Ship operating	135,696	108,098	80,162	54,416	46,174	101,715	99,805
Depreciation and amortization	140,354	101,026	70,554	57,975	50,415	122,742	102,200
General and administrative	16,818	9,612	7,968	8,895	6,006	18,139	11,658
Operating lease						2,035	
Loss (gain) on vessels	16,237					(9,773)	8,890
Operating earnings	255,625	188,475	126,910	108,119	96,640	252,219	186,940
Other expenses (income):							
Interest expense	50,849	28,801	21,194	33,035	34,062	54,663	34,801
Change in fair value of financial instruments <sup>(1)</sup>	281,027	241,033	(46,450)	268,575	72,365	132,607	253,525
Interest income	(854)	(60)	(311)	(694)	(4,074)	(928)	(471)
Interest income from leasing	(880)					(3,934)	
Undrawn credit facility fee	4,282	4,515	4,641	5,251	3,057	1,348	3,434
Amortization of deferred charges	3,421	1,933	1,484	1,298	1,003	5,643	2,568
Equity loss on investment	1,180					217	
Financing fee write-off					635		
Other			1,100			281	
Net earnings (loss)	\$ (83,400)	\$ (87,747)	\$ 145,252	\$ (199,346)	\$ (10,408)	\$ 62,322	\$ (106,917)
<b>Statements of cash flows data (in thousands of dollars):</b>							
Cash flows provided by (used in):							
Operating activities	\$ 239,864	\$ 153,587	\$ 94,576	\$ 124,752	\$ 113,168	\$ 223,968	\$ 158,658
Financing activities	832,293	529,680	312,059	523,181	1,022,443	(216,176)	831,573
Investing activities	(625,253)	(782,448)	(409,520)	(634,782)	(1,104,704)	(215,915)	(608,714)
<b>Selected balance sheet data (at period end, in thousands of dollars):</b>							
Cash and cash equivalents	\$ 481,123	\$ 34,219	\$ 133,400	\$ 136,285	\$ 123,134	\$ 273,000	\$ 415,736
Current assets	519,998	46,764	146,053	141,711	130,318	354,891	435,875
Vessels <sup>(2)</sup>	4,697,249	4,210,872	3,485,350	3,126,489	2,424,253	4,904,089	4,810,904
Total assets	5,447,716	4,377,228	3,664,447	3,296,872	2,576,901	5,570,579	5,384,566
Long-term debt	2,914,247	2,396,771	1,883,146	1,721,158	1,339,438	3,023,935	2,943,565
Share capital <sup>(3)</sup>	838	691	679	668	575	772	838
Total shareholders equity	1,183,425	989,736	1,059,566	746,360	862,326	1,098,194	1,198,530
<b>Other data:</b>							
Number of vessels in operation at period end	65	55	42	35	29	69	65
TEU capacity at period end	352,700	265,300	187,456	158,483	143,207	405,100	352,700
Fleet utilization rate <sup>(4)</sup>	99.3%	98.7%	99.7%	99.3%	99.0%	99.1%	99.2%

S-44



**Table of Contents**

- (1) All of our interest rate swap agreements and swaption agreements are marked to market and the changes in the fair value of these instruments are recorded in earnings.
- (2) Vessel amounts include the net book value of vessels in operation and deposits on vessels under construction.
- (3) For a description of our capital stock, please read Description of Capital Stock.
- (4) Fleet utilization is based on number of operating days divided by the number of ownership days during the period.

S-45

---

**Table of Contents**

**THE INTERNATIONAL CONTAINERSHIP INDUSTRY**

*The information and data contained in this prospectus relating to the international container shipping industry has been provided by Clarkson Research Services Limited, or CRSL, and is taken from CRSL's database and other sources. We do not have any knowledge that the information provided by CRSL is inaccurate in any material respect. CRSL has advised that: (i) some information in CRSL's database is derived from estimates or subjective judgments; (ii) the information in the databases of other maritime data collection agencies may differ from the information in CRSL's database; (iii) whilst CRSL has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors.*

**Overview of the Container Shipping Market**

Container shipping is responsible for the movement of a wide range of goods between different parts of the world in a unitized form and, since its beginnings in the 1950s, containerization has become an integral part of the global economy. The use of containers in global trade has resulted in considerable production and efficiency gains and has become important to the process of globalization. A wide range of cargoes are transported by container but most notably container transportation is responsible for the shipment of a diverse selection of manufactured and consumer goods. These cargoes are transported by container to end users in all regions of the world, and in particular from key producing and manufacturing regions to end users in the world's largest consumer economies. Participants in the container shipping industry include liner shipping companies, who operate container shipping services and in many instances own containerships, containership owners, often known as charter owners, who own containerships and charter them out to liner companies, and shippers who require the seaborne movement of containerized goods.

**Containership Demand**

The expansion of global container trade is heavily influenced by global economic growth, increases in economic consumption at a global and regional level, and the process of globalization. In 2008, global container trade peaked at 137 million TEU, following an average annual increase in trade of 9.8% in the period 1999-2008. During this period rapid growth in exports from China drove a significant part of the increase in container trade, along with growth in container trade volumes in and out of Russia and the Baltic, and to and from other emerging markets such as Brazil. Intra-Asian container trade volumes also grew rapidly during this period. In 2009, global container trade was an estimated 125 million TEU following a significant contraction of 9.0% due to the worldwide recession. Global trade subsequently rebounded by 12.8% to 141 million TEU in 2010. Global trade grew by a further 7.1% in 2011 to stand at 151 million TEU, and is projected to reach 157 million TEU in full year 2012, representing growth of 4.5%. The rate of global trade growth is currently expected to stand at 6.6% in 2013, although this projection is subject to a wide range of risks from the global economy.

Note: The 2012 and 2013 forecasts are as of November 2012 and subject to change. Complete trade and economic data for 2012 is not yet available, estimates are subjective and there is no guarantee that current trends will continue.

---

**Table of Contents**

***Trade Routes and Growth Trends***

Global container trade is spread over a range of long-haul, regional, and intra-regional routes, which can be separated into four categories. The individual mainlane container trades on the major east-west routes are the world's largest in volume terms. The Transpacific trade route is the world's largest container trade with 14% of the total container volume in 2011, followed by the Far East-Europe trade route and the Transatlantic trade route. Due to the higher cargo volumes on these routes, they are generally served by very large Post-Panamax ships with capacity of 8,000 TEU and above, and by other large Post-Panamax and Panamax containerships generally with capacity from 8,000 TEU down to around 4,500 TEU. There are also some 3,000-4,500 TEU containerships which continue to serve these trades. Non-Mainlane East-West routes include trade lanes between the Indian Sub-Continent or the Middle East and North America, Europe or the Far East, and are generally served by a range of ship sizes, from smaller Post-Panamax containerships below 8,000 TEU to vessels of Panamax size and below. North-South trade routes form the second layer of the global liner network, connecting the northern hemisphere with South America, Africa and Oceania, and are generally served by vessels of between 1,000-5,000 TEU, but also increasingly by vessels of 5,000 TEU and above. Intra-regional trade routes include both intra-Asian and intra-European trades, where containerships below 3,000 TEU in size generally provide the majority of transportation. Intra-Asian container trades collectively constitute the largest portion of global containership volumes. Ports involved in these trades often impose infrastructural and other limitations on the vessel types that can be utilized, such as draft restrictions or the lack of availability of handling equipment. As mentioned above, 2011 experienced increased demand for global container trade although signs of worsening U.S. and European demand became evident during the second half of the year. Recent data suggests that weakness in European demand persisted through the first three quarters of 2012. Gradually increasing container trade volumes are currently expected across trade lanes in 2013, although this projection is subject to a wide range of risks from the global economy.

Note: The 2012 and 2013 forecasts are as of November 2012 and subject to change. Complete trade and economic data for 2012 is not yet available, estimates are subjective and there is no guarantee that current trends will continue.

**Containership Supply**

The most significant portion of the global container capable fleet is comprised of fully cellular containerships which as of November 1, 2012, represented 5,107 vessels with a total capacity of 16.2 million TEU. The remainder of the fleet is made up of a range of non-fully cellular vessel types, including multi-purpose vessels, or MPPs, capable of carrying container and breakbulk cargo, roll-on roll-off cargo vessels, or Ro-Ros, and general cargo vessels, which often have container carrying capacity. Unless noted otherwise, the remainder of the discussion in this section focuses on fully cellular containerships. As of November 1, 2012, liner companies accounted for the ownership of 50.2% of containership fleet capacity, and charter owners, who own containerships and charter them out for operation by liner companies, accounted for 49.8% of total fleet capacity.

**Table of Contents**

Overall fully cellular containership standing slot capacity expanded at an average annual growth rate of 10.6% in the period 1985-2009. The fully cellular fleet capacity is estimated to have expanded by 9.7% in 2010 and by a further 7.9% in 2011. Fully cellular fleet capacity is currently projected to grow by 7.5% in full year 2012, with the rate of growth being maintained in 2013.

Note: The 2012 and 2013 forecasts are as of November 2012. These figures are subject to change as a result of actual delivery delay and cancellation, re-negotiation of contracts and levels of scrapping. Due to technical and contractual issues, there is currently considerable uncertainty surrounding the delivery of the orderbook.

As of November 1, 2012, the containership orderbook comprised 505 vessels and 3.5 million TEU, representing 21.9% of the existing fleet in terms of capacity. The size of orderbook, however, differed widely across containership size segments, as demonstrated below, with the most significant portion of the orderbook as a proportion of existing fleet capacity being in the larger vessel sizes.

Overall since the start of 2000 the containership orderbook has represented an average of 38% of fully cellular fleet capacity. At the start of 2008, the containership orderbook as a proportion of fully cellular fleet capacity reached a high of 60.6%, decreasing to 50.6% at the start of 2009, 38.1% at the start of 2010 and 27.1% at the start of 2011 before increasing marginally to 28.5% at the start of 2012, and then decreasing to 21.9% at the start of November 2012.

Note: Orderbook data as at November 1, 2012. The historical orderbook is subject to change as a result of statistical reporting delays.

**Table of Contents**

Containership Order Book by Year of Delivery													
		Total Order Book		2012		2013		2014		2015+		% Non-Delivery	
Containership Type	Size (TEU)	Number	000 TEU	% of fleet	000 TEU	% of flt	000 TEU	% of flt	000 TEU	% of flt	000 TEU	% of flt(2011)	%
Post-Panamax	8,000 & above	222	2,558.1	55.7%	203.5	4.4%	998.1	21.7%	909.2	19.8%	447.3	9.7%	19%
Post-Panamax	3,000-7,999	137	675.6	20.0%	101.1	3.0%	446.6	13.2%	65.8	1.9%	62.1	1.8%	15%
Panamax	3,000 & above	25	103.5	2.6%	14.3	0.4%	89.2	2.2%					80%
Sub-Panamax	2,000-2,999	35	87.7	5.1%	25.8	1.5%	39.5	2.3%	20.1	1.2%	2.3	0.1%	37%
Handy	1,000-1,999	73	105.5	5.9%	32.8	1.8%	55.8	3.1%	16.9	1.0%			44%
Feeder/Max	100-999	13	10.7	1.5%	5.7	0.8%	5.1	0.7%					70%
<b>Total</b>	<b>100+ TEU</b>	<b>505</b>	<b>3,541.0</b>	<b>21.9%</b>	<b>383.1</b>	<b>2.4%</b>	<b>1,634.3</b>	<b>10.1%</b>	<b>1,012.0</b>	<b>6.3%</b>	<b>511.7</b>	<b>3.2%</b>	<b>27%</b>

Source: Clarkson Research, November 2012.

Note: Orderbook as at November 1, 2012. Going forward, the orderbook will be influenced by delays, cancellations and the re-negotiation of contracts. Due to these technical and contractual issues, there is currently considerable uncertainty surrounding the orderbook. The information in the table above relates to the orderbook as at November 1, 2012 and does not take into account potential delivery problems. Orderbook includes some orders originally scheduled for delivery prior to 2012.

Although establishing accurate data is difficult, approximately 27% of scheduled deliveries in terms of TEU capacity expected to enter the fleet in 2011 at the start of that year have been confirmed as non-delivered during 2011. This figure was 70% for containerships below 1,000 TEU in size, 42% for containerships between 1,000 TEU and 2,999 TEU, 80% for Panamax containerships and 18% for Post-Panamax containerships. This is partly due to statistical reporting delays but also because of delays in construction and cancellations of orders. The right-hand column of the table above illustrates the difference between scheduled start year and actual containership deliveries in 2011. Delivering the orderbook presents a number of challenges, with factors both technical and financial facing both shipyards and owners contributing to delays in and cancellations of the containership scheduled deliveries.

The placement of new orders for containership capacity slowed dramatically in 2009. In 2007 a historical high level of 3.2 million TEU of containership capacity was ordered. In 2008 the volume of ordering slowed to 1.2 million TEU, while containership contracting activity in 2009 was negligible. Contracting activity picked up in the second half of 2010, taking total contracting in 2010 to 0.6 million TEU. Contracting levels remained high in the first half of 2011 and a total of 1.8 million TEU was contracted in the full year. Contracting activity in 2012 has once again slowed and a total of 0.4 million TEU was contracted in the first ten months of 2012. In the period from 1996 to 2008, an average of 312 containership orders were placed each year, with the average level of capacity ordered totaling 1.2 million TEU.

In the period from 1996 to 2008 an average of 30 containerships were scrapped each year. A substantial volume of aging containership capacity was sold for scrap in 2009, with the full year seeing 203 containerships with a combined capacity of 0.38 million TEU sold for scrap, significantly higher than historical levels. In 2010, 87 containerships with a combined capacity of 0.13 million TEU were sold for scrap and in 2011, 58 containerships with a combined capacity of 0.08 million TEU were sold for scrap. In the first ten months of 2012, 134 containerships with a combined capacity of 0.24 million TEU were sold for scrap. As of November 1, 2012, the average age of a vessel in the containership fleet was 10.8 years. The majority of aging containership capacity is at the smaller end of the fleet below 4,000 TEU, where some capacity may be more at risk of becoming outdated as larger ships prove more efficient at serving increased trade volumes. Overall, 5% of containership fleet capacity is currently aged 20 years or more.

As a result of the slowdown in demand through 2009, the portion of the fleet not in operation (or idle) grew from 0.42 million TEU at the end of 2008 to peak at an estimated 1.52 million TEU of capacity in December 2009, representing approximately 570 vessels, according to AXS-Alphaliner, equal to 11.8% of the global fleet by capacity, according to CRSL. However, the proportion of idle capacity declined through most of 2010 and the first half of 2011 as carriers reintroduced capacity on reactivated or newly implemented services, and in some cases upgraded capacity on existing services, to meet the apparent increase in trade volumes. However, owners once again increased the number of idle containerships in the second half of 2011 and by mid-March 2012, 302 containerships of a combined 0.91 million TEU were in lay-up according to AXS-Alphaliner, equal to 5.9% of the global fleet by capacity according to CRSL. The total idled capacity subsequently declined in the second quarter of 2012, but has since begun to increase, with 4.7% of the global fleet by capacity (0.76 million TEU) in lay-up at the beginning of November 2012.

---

**Table of Contents**

Following the downturn in container trade volumes in late 2008 and 2009, a significant number of container shipping services began to be operated by liner companies at slower vessel speeds than in the past, with additional ships added to services in order to maintain fixed regular port call schedules. This management of supply not only reduced liner company bunker costs but also helped absorb containership capacity, as slow steamed services offer the same amount of running capacity whilst requiring additional standing vessel capacity. As of November 2012, slow steaming remains in place on a range of container shipping services and appears to have been most prevalent on services on the longer mainlane trades such as the Far East-Europe and the Transpacific, where there is the greater possibility to add extra ships and adjust the service speed to an appropriate level, than on shorter-haul trades. Along with the idling of capacity, slow steaming of services was another of a range of initiatives to manage supply during the period of surplus capacity.

During this period, redeployment of supply across trade lanes has also been a key feature of the containership sector. With deliveries of new capacity dominated by larger containerships and trade volumes growing more rapidly on north-south and intra-regional trade lanes traditionally served by medium-sized and smaller containerships, a significant degree of vessel redeployment, known as cascading has been required. As new very large Post-Panamax vessels have been delivered into service on the Far East-Europe trade lane, vessels have been redeployed from the Far East-Europe to other trade lanes including the Transpacific, from where medium-sized capacity has in turn been redeployed notably to north-south trade lanes, from where in turn some smaller vessels have been redeployed to intra-regional trade lanes for example.

**Containership Markets*****Containership Time Charter Rates***

Pricing of containership transportation services occurs against a background of a highly competitive global containership charter market. Containership charter rates depend on the supply of, and demand for, containership capacity, and can vary significantly from year to year. Containership economies of scale mean that the daily time charter rate per TEU for a larger containership is less than for a ship with lower TEU capacity. The containership charter market experienced significant upward movement in time charter rates in the period between the start of 2002 and the middle of 2005. The market recovered from the decreases in charter rates seen in 2001 to levels beyond previous market highs before decreasing again mid-way through 2005, stabilizing in the first half of 2006, and then slipping further during the second half of 2006. The first half of 2007 saw the containership charter market recover to rate levels similar to those seen in late 2005 and early 2006, while rates continued to increase during early 2008. However, the onset of the global economic downturn and the resulting slowdown in container trade growth created a relative oversupply of capacity, leading to a rapid decrease in containership earnings in the latter half of 2008, which continued in the first half of 2009, with earnings remaining depressed during the rest of the year. In 2010 containership charter rates registered an upward trend over the year as a whole and made further gains in early 2011 before decreasing sharply in the second half of 2011 and remaining depressed through much of 2012. Based on an index covering a range of containership sizes, time charter daily rates improved 86% during 2010 only to decrease by around 37% during 2011. The estimated one year time charter rate for a 3,500 TEU containership at the end of December 2010 was \$15,500 per day. At the end December 2011 the rate had decreased to \$6,500 per day and by the end of October 2012 it stood at \$7,000 per day compared to an average of \$23,068 per day in the period 2000-2011.

**Table of Contents**

Note: Estimates based on market assessments for theoretical fully cellular ships by H. Clarksons & Co. Ltd. brokers. These estimates are based on a given point in time and are no guide to or guarantee of future rates. Geared vessels have their own cranes for the purpose of loading and unloading containers.

There are, of course, limitations and risks to future projections, depending on developments in the world economy and global trade patterns, and the development of ordering, deliveries and scrapping in the future. With the decrease in demand for container volume in 2009, supply far outweighed demand for the global movement of containers, causing significant downwards pressure on the entire container shipping sector. The impact of the differential between growth in demand and supply on the containership charter market pushed rates sharply downwards. Demand growth outpaced capacity expansion in 2010 leading to upwards pressure on rates, while supply growth and demand growth were relatively matched in 2011 on an annual basis. However, the most recent available data appears to suggest that demand growth has been weaker this year than the growth in supply, and combined with the majority share of idle capacity constituted by charter owner vessels, this has suppressed any significant upward movement in charter rates.

***Vessel Values: The Newbuilding and Secondhand Containership Markets***

*Newbuilding Prices:* The development of containership newbuilding prices reflects both the demand for vessels as well as the cost of acquisition of new containerships by owners from shipyards, which is influenced by the cost of materials and labor, availability of shipbuilding capacity, and the impact of demand from other shipping sectors on shipyards. Economies of scale in containership building mean that the cost per TEU involved in building larger containerships is less than for vessels with smaller TEU capacity.

**Table of Contents**

The total newbuilding price for a theoretical 6,600 TEU containership increased from \$60.0 million at the start of 2003 to a peak of \$108.0 million in the period June to September 2008. However, following the onset of the global economic downturn, this figure fell to \$66.0 million at the end of January 2010. By the end of December 2010 it had increased to \$79.5 million. The figure subsequently softened slightly in 2011, and has continued to decrease in the year-to-date to \$58.5 million at the end of October 2012. The graph below shows the historical development of containership newbuilding prices. The average price for a 6,600 TEU containership newbuilding since March 2001 is estimated at \$81.1 million.

Note: Prices are evaluated at the end of each calendar month. Newbuild prices assume European spec., standard payment schedules and first class competitive yards quotations. Prices are evaluated at the end of each calendar month.

*Secondhand Prices:* As the containership charter market plays an increasingly important role in the container shipping industry as a whole, the market for the sale and purchase of secondhand containerships has also expanded. Secondhand vessel prices are influenced by newbuilding prices and also by vessel charter rates or earnings, although there is sometimes a lag in the relationship.

Activity on the secondhand market for containerships has grown steadily in recent years from relatively low levels of activity in the past. A portion of this activity has been constituted by the sale of containerships by liner companies to charter owners. These sales have commonly been accompanied by time charter back arrangements whereby the liner company sells the vessel, removing the asset from its balance sheet, then, as part of the transaction, arranges a time charter of the vessel from the party to which it has sold the ship. The liquidity of the secondhand sales market is much greater for small and medium-sized containerships than for large vessels. Only 269 of the 1,479 secondhand containership sales recorded in the period 2000-2011 involved ships with 3,000 TEU or more in capacity. Large containerships are generally newer, and more likely to remain owned by their original owner either for their own end use or on an initial relatively long-term charter.



**Table of Contents**

Secondhand containership sales volumes show some volatility. In 2010, a total of 171 secondhand vessels with a combined capacity of 373,667 TEU were sold, while a total of 94 vessels with a combined 259,437 TEU were sold in 2011 and 131 vessels with a combined 220,111 TEU were sold in the first ten months of 2012. The following graph shows the development of secondhand prices for five-year old containerships. Trends in secondhand prices for older containerships typically move according to similar cycles. The graph shows the development of 5-year-old 3,500 TEU, 1,700 TEU and 1,000 TEU ship prices. The price for a theoretical 5-year-old 1,700 TEU containership decreased from \$37.5 million at the start of June 2008 to just \$14.0 million at the end of 2009. 2010 saw an upward trend in secondhand containership prices, while prices remained relatively stable in the first three quarters of 2011 before registering a sharp downward movement in the four quarters since. The 5-year-old 1,700 TEU price as at end October 2012 was estimated to be approximately \$13.5 million, compared to a 10-year average of \$25.1 million.

Note: Prices are evaluated at the end of each calendar month. There have been periods of uncertainty surrounding secondhand prices and the values provided between October 2008 and December 2009 are subject to wider than usual confidence margins.

S-53

**Table of Contents****BUSINESS****Overview**

We are a leading independent charter owner and manager of containerships, which we charter primarily pursuant to long-term, fixed-rate time charters to major container liner companies. As of November 15, 2012, we operated a fleet of 69 containerships (including eight vessels under long-term leases), and we had entered into contracts for the purchase of an additional three newbuilding containerships, which have scheduled delivery dates through July 2014. Each of our newbuilding vessels will commence operation under long-term, fixed-rate charters upon delivery. The average age of the 69 vessels in our operating fleet was approximately five years as of November 15, 2012.

Customers for our operating fleet are CSCL Asia, HL USA, HMM, COSCON, CSAV, MOL, K-Line, MSC and Yang Ming. The customer for the additional three newbuilding vessels is Hanjin. Our primary objective is to continue to grow our business through accretive vessel acquisitions as market conditions allow. Please read *Our Fleet* for more information about our vessels and time charter contracts. Most of our customers' containership business revenues are derived from the shipment of goods from the Asia Pacific region, primarily China, to various export markets in the United States and in Europe.

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 charters. As of November 15, 2012, the charters on the 69 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.

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

**Our Fleet*****Our Current Fleet***

The following table summarizes key facts regarding our 69 operating vessels as of November 15, 2012:

VESSEL NAME	VESSEL CLASS (TEU)	YEAR BUILT	CHARTER START DATE	CHARTERER	LENGTH OF CHARTER	DAILY CHARTER RATE (in thousands)
COSCO Glory	13100	2011	6/10/11	COSCON	12 years	\$55.0
COSCO Pride <sup>(1)</sup>	13100	2011	6/29/11	COSCON	12 years	55.0
COSCO Development	13100	2011	8/10/11	COSCON	12 years	55.0
COSCO Harmony	13100	2011	8/19/11	COSCON	12 years	55.0
COSCO Excellence	13100	2012	3/8/12	COSCON	12 years	55.0
COSCO Faith <sup>(1)</sup>	13100	2012	3/14/12	COSCON	12 years	55.0
COSCO Hope	13100	2012	4/19/12	COSCON	12 years	55.0
COSCO Fortune	13100	2012	4/29/12	COSCON	12 years	55.0
CSCL Zeebrugge	9600	2007	3/15/07	CSCL Asia	12 years	34.0 <sup>(2)</sup>
CSCL Long Beach	9600	2007	7/6/07	CSCL Asia	12 years	34.0 <sup>(2)</sup>
CSCL Oceania	8500	2004	12/4/04	CSCL Asia	12 years + one 3-year option	29.8 <sup>(3)</sup>
CSCL Africa	8500	2005	1/24/05	CSCL Asia	12 years + one 3-year option	29.8 <sup>(3)</sup>
COSCO Japan	8500	2010	3/9/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
COSCO Korea	8500	2010	4/5/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
COSCO Philippines	8500	2010	4/24/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
COSCO Malaysia	8500	2010	5/19/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>

Edgar Filing: Seaspan CORP - Form 424B5

COSCO Indonesia	8500	2010	7/5/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
COSCO Thailand	8500	2010	10/20/10	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
COSCO Prince Rupert	8500	2011	3/21/11	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>
Alianca Itapoa <sup>(5)</sup>	8500	2011	4/21/11	COSCON	12 years + three 1-year options	42.9 <sup>(4)</sup>

S-54

**Table of Contents**

VESSEL NAME	VESSEL			CHARTER START DATE	CHARTERER	LENGTH OF CHARTER	DAILY CHARTER RATE (in thousands)
	CLASS (TEU)	YEAR BUILT	CHARTER				
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	
MSC Veronique	4800	1989	11/25/11	MSC	5 years	10.0 <sup>(6)</sup>	
MSC Manu	4800	1988	11/15/11	MSC	5 years	10.0 <sup>(6)</sup>	
MSC Leanne	4800	1989	10/19/11	MSC	5 years	10.0 <sup>(6)</sup>	
MSC Carole	4800	1989	10/12/11	MSC	5 years	10.0 <sup>(6)</sup>	
Brotonne Bridge <sup>(1)</sup>	4500	2010	10/25/10	K-Line	12 years + two 3-year options	34.3 <sup>(7)</sup>	
Brevik Bridge <sup>(1)</sup>	4500	2011	1/25/11	K-Line	12 years + two 3-year options	34.3 <sup>(7)</sup>	
Bilbao Bridge <sup>(1)</sup>	4500	2011	1/28/11	K-Line	12 years + two 3-year options	34.3 <sup>(7)</sup>	
Berlin Bridge <sup>(1)</sup>	4500	2011	5/9/11	K-Line	12 years + two 3-year options	34.3 <sup>(7)</sup>	
Budapest Bridge <sup>(1)</sup>	4500	2011	8/1/11	K-Line	12 years + two 3-year options	34.3 <sup>(7)</sup>	
CSAV Licanten <sup>(8)</sup>	4250	2001	7/3/01	CSCL Asia	10 years + one 2-year option	18.3 <sup>(9)</sup>	
CSCL Chiwan	4250	2001	9/20/01	CSCL Asia	10 years + one 2-year option	18.3 <sup>(9)</sup>	
Seaspan Ningbo <sup>(10)</sup>	4250	2002					
Seaspan Dalian	4250	2002	7/26/12	HMM	Up to 6 months	Short-term rate <sup>(11)</sup>	
Seaspan Felixstowe <sup>(10)</sup>	4250	2002					
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	
New Delhi Express	4250	2005	10/19/05	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>	
Dubai Express	4250	2006	1/3/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>	
Jakarta Express	4250	2006	2/21/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>	
Saigon Express	4250	2006	4/6/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>	
Lahore Express	4250	2006	7/11/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>	
Rio Grande Express	4250	2006	10/20/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>	
Santos Express	4250	2006	11/13/06	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>	
Rio de Janeiro Express	4250	2007	3/28/07	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>	
Manila Express	4250	2007	5/23/07	HL USA	3 years + seven 1-year extensions + two 1-year options <sup>(12)</sup>	18.0 <sup>(13)</sup>	
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	
Madinah <sup>(1)</sup>	4250	2009	6/20/12	Yang Ming	Up to 7 months	Short-term rate <sup>(11)</sup>	
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 <sup>(14)</sup>	

**Table of Contents**

VESSEL NAME	VESSEL CLASS (TEU)	YEAR BUILT	CHARTER START DATE	CHARTERER	LENGTH OF CHARTER	DAILY CHARTER RATE (in thousands)
CSCL São Paulo	2500	2008	8/11/08	CSCL Asia	12 years	\$16.8 <sup>(14)</sup>
CSCL Montevideo	2500	2008	9/6/08	CSCL Asia	12 years	16.8 <sup>(14)</sup>
CSCL Lima	2500	2008	10/15/08	CSCL Asia	12 years	16.8 <sup>(14)</sup>
CSCL Santiago	2500	2008	11/8/08	CSCL Asia	12 years	16.8 <sup>(14)</sup>
CSCL San Jose	2500	2008	12/1/08	CSCL Asia	12 years	16.8 <sup>(14)</sup>
CSCL Callao	2500	2009	4/10/09	CSCL Asia	12 years	16.8 <sup>(14)</sup>
CSCL Manzanillo	2500	2009	9/21/09	CSCL Asia	12 years	16.8 <sup>(14)</sup>
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) This vessel is leased pursuant to a lease agreement, which we used to finance the acquisition of the vessel.

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

(3) 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.

(4) 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.

(5) The name of the COSCO Vietnam was changed to Alianca Itapoa in March 2012, in connection with a sub-charter from COSCON to Hamburg Süd.

(6) MSC has a bareboat charter of five years with a charter rate of \$10,000 per day, increasing to \$14,500 after two years. MSC has agreed to purchase the vessels for \$5.0 million each at the end of the five-year bareboat charter terms. In addition, we pay a 1.25% commission to a broker on all bareboat charter payments for these charters.

(7) 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 per day for the first three-year option period and \$42,500 per day for the second three-year option period.

(8) This vessel is on sub-charter from CSCL Asia to CSAV.

(9) CSCL Asia has an initial charter of 10 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 options on the CSAV Licanten and the CSCL Chiwan.

(10) This vessel currently is idle.

(11) Given the term of the time charter is less than one year, the vessel is being chartered at rates applicable to short-term charters.

(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 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 in successive one-year extensions unless HL USA elects to terminate the charters with two years prior written notice, with a charter rate of \$18,000 per day and \$18,500 per day for the two one-year options.

(14) 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.

**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 November 15, 2012, we have contracted to purchase three additional newbuilding containerships, which have scheduled delivery dates through July 2014. These three newbuilding vessels consist of the following:

VESSEL	VESSEL~CLASS (TEU)	LENGTH OF TIME CHARTER <sup>(1)</sup>	CHARTERER	SCHEDULED DELIVERY DATE	SHIPBUILDER
Hull No. 983	10000	10 years + one 2-year option	Hanjin	2014	New Jiangsu
Hull No. 985	10000	10 years + one 2-year option	Hanjin	2014	Jiangsu Xinfu
Hull No. 993	10000	10 years + one 2-year option	Hanjin	2014	New Jiangsu

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

S-56

**Table of Contents**

The following chart indicates the estimated number of vessels in our fleet based on scheduled delivery dates as of November 15, 2012:

	YEAR ENDING DECEMBER 31, SCHEDULED		
	2012	2013	2014
Deliveries			3
Operating Vessels	69	69	72
<b>Approximate Total Capacity (TEU)</b>	<b>405,100</b>	<b>405,100</b>	<b>435,100</b>

**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:

- n *Scale, diversity and high quality of our fleet.* We are one of the largest independent charter owners and managers of containerships and believe that the size of our fleet appeals to our customers and provides us cost savings through volume purchases and leverage in negotiating newbuilding contracts and accessing shipyard berths. Our operating fleet of 69 containerships had an average age of approximately five years as of November 15, 2012, which is significantly below the industry average of approximately 11 years. Our three newbuilding vessels also will be subject to our high standards for design, construction quality and maintenance. The vessels in our fleet range in size from 2500 TEU to 13100 TEU, and our 13100 TEU containerships are among the largest sized containerships in operation.
- n *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.
- n *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 November 15, 2012. As a result, substantially all of our revenue is protected from the volatility of spot rates and short-term charters. To further promote cash flow stability, we have primarily placed newbuilding orders and purchased secondhand vessels when we have concurrently entered into long-term time charters with our customers. As of November 15, 2012, and excluding any extensions of our time charters, we had approximately \$5.8 billion of contracted future revenue under existing fixed-rate and bareboat time charters, including approximately \$0.5 billion attributable to time charters for the remaining three newbuilding containerships that we have contracted to purchase.
- n *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 approximately \$2.2 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 \$3.8 billion as of September 30, 2012. We also accessed capital during the recent economic downturn, including raising preferred share

## Edgar Filing: Seaspan CORP - Form 424B5

equity and entering into sale-leaseback financings. We believe we will be able to use our existing debt capacity and current cash balances (exclusive of amounts committed to finance the remaining payments on the three vessels we have agreed to purchase), to fund additional growth beyond our contracted fleet. We intend to continue to access existing capital, and to seek new sources of capital, to cost-effectively maintain and grow our fleet over the long term.

- n *Significant delivered 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 November 15, 2012, we had 69 vessels in operation and three newbuilding

S-57



**Table of Contents**

vessels on order, aggregating 435,100 TEU, an increase since our initial public offering of 272.0% in TEU capacity. The aggregate capacity of the three newbuilding vessels, with scheduled delivery dates through July 2014, represents over 7.4% of the aggregate capacity of our vessels currently in operation. We believe that our longstanding relationships with key constituents in the containership industry, including container liner companies, shipbuilders and shipping banks, as well as our affiliation with the Vehicle, will enable us to continue sourcing newbuilding and secondhand vessel acquisition opportunities at terms attractive to us.

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

**Our Business Strategies**

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

- n *Pursuing long-term, fixed-rate charters.* We intend to continue to primarily employ our vessels under long-term, fixed-rate charters, which contribute to the stability of our cash flows. In addition, container liner companies typically employ long-term charters for strategic expansion into major trade routes, while using spot charters for shorter term discretionary needs. To the extent container liner companies expand their services into major trade routes, we believe we are well positioned to participate in their growth.
- n *Expanding and diversifying our customer relationships.* Since our initial public offering, we have increased our customer base from two to ten customers and have expanded our revenue from existing customers. We intend to continue to expand our existing customer relationships and to add new customers to the extent container liner companies increase their use of chartered-in vessels to add capacity in their existing trade routes and establish new trade routes. We believe that we will benefit from the expected growth of worldwide container shipping demand, especially in certain markets that we believe have high growth potential, such as Asia, where we have strong customer relationships. We also believe that our experience in working with container liners to provide ship design, construction supervision and chartering services will improve our ability to secure new customers.
- n *Actively acquiring newbuilding and secondhand vessels.* We have increased, and intend to further increase, the size of our fleet through selective acquisitions of new and secondhand containerships that we believe will be accretive to our cash flow. We believe that entering into newbuilding contracts will continue our long-term fleet growth and provide modern vessels to our customers. In addition, we intend to continue to selectively consider any nearer-term growth opportunities to acquire high-quality secondhand vessels, primarily either with existing long-term charters or where we can enter into long-term charters concurrently with the acquisitions. We also intend to consider appropriate (a) partnering opportunities that would allow us to seek to capitalize on opportunities in the newbuilding and secondhand markets with more modest investments, and (b) business acquisitions, as well as the potential sale of any older vessels in our fleet as part of fleet renewal.
- n *Maintaining efficient capital structure.* We intend to pursue a financial strategy that aims to preserve our financial flexibility and achieve a low cost of capital so that we may take advantage of acquisition and expansion opportunities in the future while also meeting our existing obligations.

**Table of Contents****Charters*****General***

We charter our vessels primarily under long-term, fixed-rate time charters. We charter four of our vessels under bareboat charters. The following table presents the number of vessels chartered by each of our customers as of November 15, 2012.

<b>CUSTOMER</b>	<b>NUMBER OF VESSELS IN OUR CURRENT OPERATING FLEET</b>	<b>NUMBER OF VESSELS SCHEDULED TO BE DELIVERED</b>	<b>TOTAL VESSELS UPON ALL DELIVERIES</b>
<i>Time charters</i>			
CSCL Asia	19		19
HL USA	9		9
COSCON	18		18
CSAV			