Seaspan CORP
Form 424B5
January 25, 2011
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-168938

PROSPECTUS SUPPLEMENT

(To Prospectus dated August 19, 2010)

10,000,000 Shares

9.50% Series C Cumulative Redeemable Perpetual Preferred Shares

Seaspan Corporation

(Liquidation Preference $25 Per Share)

We are offering 10,000,000 of our 9.50% Cumulative Redeemable Perpetual Series C Preferred Shares, par value $0.01 per share, liquidation preference $25.00 per share (the Series C Preferred Shares).

Dividends on the Series C Preferred Shares are cumulative from the date of original issue and will be payable quarterly in arrears on the 30th day of January, April, July and October of each year, commencing April 30, 2011, when, as and if declared by our board of directors. Dividends will be payable out of amounts legally available therefor at an initial rate equal to 9.50% per annum of the stated liquidation preference, subject to adjustment as described in this prospectus supplement.

At any time on or after January 30, 2016, the Series C Preferred Shares may be redeemed, in whole or in part, out of amounts legally available therefor, at a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. If (i) we fail to comply with certain covenants (a Covenant Default), (ii) we experience certain defaults under any of our credit facilities (a Cross Default), (iii) four quarterly dividends payable on the Series C Preferred Shares are in arrears (a Dividend Payment Default) or (iv) the Series C Preferred Shares are not redeemed in whole by January 30, 2017 (a Failure to Redeem), the dividend rate payable on the Series C Preferred Shares shall increase, subject to aggregate maximum rate per annum of 25% prior to January 30, 2016 and 30% thereafter, to a rate that is 1.25 times the dividend rate payable on the Series C Preferred Shares as of the close of business on the day immediately preceding the Covenant Default, Cross Default, Divided Payment Default or Failure to Redeem, as applicable, and on each subsequent Dividend Payment Date, the dividend rate payable shall increase to a rate that is 1.25 times the dividend rate payable on the Series C Preferred Shares as in effect as of the close of business on the day immediately preceding such Dividend Payment Date, until the Covenant Default, Cross Default or Dividend Payment Default is cured or the Series C Preferred Shares are no longer outstanding. Please read Description of Series C Preferred Shares Dividends Dividend Payment Dates Increase in Base Dividend Rate Following a Covenant Default, Cross Default, Dividend Payment Default or Failure to Redeem.

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

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

	Per Share	Total
Public offering price	$ 25.00	$ 250,000,000
Underwriting discount	$ 0.875	$ 8,750,000
Proceeds (before expenses) to us	$ 24.125	$ 241,250,000

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

The underwriters expect to deliver the Series C Preferred Shares in book entry form through the facilities of The Depository Trust Company on or about January 28, 2011.

Sole Book-Running Manager and Structuring Agent

BofA Merrill Lynch

Co-Managers

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

BNP PARIBAS **DnB NOR Markets**

January 21, 2011

ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

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

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

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SUMMARY

This summary highlights important information contained elsewhere in this prospectus supplement and the accompanying base prospectus. You should carefully read this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference to understand fully our business and the terms of our Series C Preferred Shares, as well as the tax and other considerations that are important to you in making your investment decision. You should consider carefully the Risk Factors section beginning on page S-20 of this prospectus supplement and on page 5 of the accompanying base prospectus to determine whether an investment in our Series C Preferred Shares is appropriate for you. Unless otherwise indicated, all references in this prospectus supplement to dollars and $ are to, and amounts are presented in, U.S. Dollars, and financial information presented in this prospectus supplement is prepared in accordance with generally accepted accounting principles in the United States, or GAAP.

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

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

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

Our Company

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

Customers for our operating fleet are CSCL Asia, HL USA, APM, COSCON, CSAV, MOL, K-Line and UASC. Customers for the additional 14 newbuilding vessels will include K-Line and COSCON. Our primary objective is to continue to grow our business through accretive vessel acquisitions as market conditions allow.

We primarily deploy our vessels on long-term, fixed-rate time charters to take advantage of the stable cash flow and high utilization rates that are typically associated with long-term time charters. As of December 31, 2010, the charters on the 55 vessels in our operating fleet had an average remaining term of approximately seven years, excluding the effect of charterers options to extend certain time charters.

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Our Fleet

Our Operating Fleet

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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New Vessel Contracts

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

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

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

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

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

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

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

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

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

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

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Market Opportunity

We believe that the recent financial crisis and dislocation of the containership sector has created an opportunity for ship owners with access to capital to acquire vessels at attractive prices and employ them in a manner that will generate attractive returns on capital and is accretive to cash flow. Due to financial constraints of ship owners and the decrease in global trade, few orders for newbuilding containerships were placed in recent years and there is a limited amount of vessel capacity scheduled to enter the market after 2012. We believe that the containership sector is recovering and that supply and demand dynamics for containerized trade are relatively favorable for vessel owners.

We intend to continue to expand our fleet primarily through entering into newbuilding contracts with shipyards, but believe that there will also be select opportunities to acquire existing or newbuilding vessels from other shipowners, shipbuilders due to defaulting purchasers under construction contracts, or banks and other lessors that may acquire vessels upon borrower or lessee defaults. We believe we are well positioned to take advantage of current market opportunities. Without giving effect to the net proceeds from this offering or any additional debt capacity as a result thereof, we believe that we will be able to fund the remaining payments for the 14 containerships that we have contracted to purchase and lease through the availability under our current credit and lease facilities and current and anticipated operating cash flows less dividends. We will be able to use the proceeds from this offering, combined with additional debt capacity as a result thereof (exclusive of amounts committed to finance the remaining payments on the 14 vessels we have agreed to purchase and lease), to fund additional growth beyond our contracted fleet.

Our Competitive Strengths

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

- *Enhanced stability of cash flows through long-term, fixed-rate time charters.* Our vessels are primarily subject to long-term, fixed-rate time charters, which had an average remaining term of approximately seven years as of December 31, 2010. As a result, nearly all of our revenue is protected from the volatility of spot rates and short-term charters. To further promote cash flow stability, we have primarily placed newbuilding orders and purchased secondhand vessels when we have concurrently entered into long-term time charters with our customers. As of December 31, 2010, and excluding any extensions of our time charters, we had approximately $6.5 billion of contracted future revenue under existing fixed-rate time charters, including approximately $2.9 billion attributable to time charters for the 14 newbuilding containerships that we have contracted to purchase and lease.

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

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

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

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

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

Experienced management. Together our chief executive officer and chief financial officer have over 30 years of professional experience in the shipping industry. In addition, the members of the management team of our Manager have prior experience with many companies in the international ship management industry, such as China Merchants Group, Neptune Orient Lines, APL Limited, Safmarine Container Lines and Columbia Ship Management. Our Manager s staff has skills in all aspects of ship management, including, among others, design, operations and marine engineering. We likewise benefit from the financial experience and sophistication of our Manager s management team, which has assisted us in accessing various forms of capital.

Our Business Strategies

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

Pursuing long-term, fixed-rate charters. We intend to continue to primarily pursue long-term, fixed-rate charters, which contribute to the stability of our cash flows. In addition, container liner companies typically employ long-term charters for strategic expansion into major trade routes while employing spot charters for shorter term discretionary needs. To the extent container liner companies expand their services into these major trade routes, we believe we will be well positioned to participate in their growth.

Expanding and diversifying our customer relationships. Since our initial public offering, we have increased our customer base from two to eight customers and have expanded our revenue from existing customers. We intend to continue to expand our existing customer relationships and to add new customers to the extent container liner companies increase their use of chartered-in vessels to add capacity in their existing trade routes and establish new trade routes. We believe that we will benefit from the expected growth of worldwide container shipping demand, especially in certain markets that we believe to have high growth potential such as Asia, where we have strong customer

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relationships. We also believe that our Manager s experience in working with container liners to provide ship design, construction supervision and chartering services will improve our ability to secure new customers.

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

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

An investment in our Series C Preferred Shares involves risks. Our growth depends on our ability to make accretive vessel acquisitions, expand existing and develop new relationships with charterers and obtain new charters. Substantial competition may hamper our business strategy. Our growth also depends upon continued growth in demand for containerships. A reduction in demand for containerships, increased competition or an inability to make accretive vessel acquisitions may lead to reductions and volatility in charter hire rates and profitability. In addition, we may be unable to realize expected benefits from acquisitions, and implementing our growth strategy through acquisitions may harm our business, financial condition, operating results and ability to pay dividends. You should consider carefully the factors set forth in the section of this prospectus entitled Risk Factors beginning on page S-20 of this prospectus supplement and on page 5 of the accompanying base prospectus.

Management Overview

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

Corporate Information

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

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The Offering

Issuer	Seaspan Corporation
Securities Offered	10,000,000 of our 9.50% Series C Cumulative Redeemable Perpetual Preferred Shares, par value $0.01 per share, liquidation preference $25.00 per share. For a detailed description of the Series C Preferred Shares, please read Description of Series C Preferred Shares.
Price per share	$25.00
Conversion; Exchange and Preemptive Rights	The Series C Preferred Shares will not have any conversion or exchange rights or be subject or entitled to preemptive rights.
Dividends	Dividends on Series C Preferred Shares shall accrue and be cumulative from the date the Series C Preferred Shares are originally issued and shall be payable on each Dividend Payment Date (as defined below) when, as and if declared by our board of directors or any authorized committee thereof out of legally available funds for such purpose.

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

Dividend Payment Dates	January 30, April 30, July 30 and October 30, commencing April 30, 2011 (each, a Dividend Payment Date).
Dividend Rate	The dividend rate for the Series C Preferred Shares will be 9.50% per annum per $25.00 of liquidation preference per share (equal to $2.375 per share), subject to increase if (i) we fail to comply with certain covenants (a Covenant Default), (ii) we experience certain defaults under any of our credit facilities (a Cross Default), (iii) four quarterly dividends payable on the Series C Preferred Shares are in arrears (a Dividend Payment Default) or (iv) the Series C Preferred Shares are not redeemed in whole by January 30, 2017 (a Failure to Redeem), the dividend rate payable on the Series C Preferred Shares shall increase, subject to aggregate maximum rates per annum of 25% prior to January 30, 2016 and 30% thereafter, to a rate that is 1.25 times the dividend rate payable on the Series C Preferred Shares as of the close of business on the day immediately preceding the Covenant Default, Cross Default, Divided Payment Default or Failure to Redeem, as applicable, and on each subsequent Dividend Payment Date, the dividend rate payable shall increase to a rate that is 1.25 times the dividend rate payable on the Series C Preferred Shares as in effect as of the close of business on the day immediately preceding such Dividend Payment Date, until the Covenant Default, Cross Default or Dividend Payment Default is cured or the Series C Preferred Shares are no longer outstanding. Please read Description of Series C Preferred Shares Dividends.

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Ranking

The Series C Preferred Shares will represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. The Series C Preferred Shares will rank:

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

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

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

Optional Redemption and Failure to Redeem

At anytime on or after January 30, 2016, we may redeem, in whole or in part, the Series C Preferred Shares at a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. Any such redemption would be effected only out of funds legally available for such purpose. We must provide not less than 15 days and not more than 60 days written notice of any such redemption.

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

Voting Rights

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

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

Covenants and Cross Defaults

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

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

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

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

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

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

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

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

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

Fixed Liquidation Price	If we liquidate, dissolve or wind-up, holders of the Series C Preferred Shares will have the right to receive $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of payment, whether or not declared, before any payments are made to holders of our common stock or other junior securities.
Sinking Fund	The Series C Preferred Shares will not be subject to any sinking fund requirements. Please read Description of Series C Preferred Shares No Sinking Fund.
Use of Proceeds	We intend to use the net proceeds of the sale of the Series C Preferred Shares, which are expected to total approximately $240,606,000 million, for general corporate purposes, which may include making vessel acquisitions or investments. Pending the application of funds for these purposes, we may repay a portion of our outstanding debt under certain of our revolving credit facilities. Please read Use of Proceeds.
Ratings	The securities will not be rated by any Nationally Recognized Statistical Rating Organization.
Listing	We intend to file an application to list the Series C Preferred Shares on the New York Stock Exchange, or NYSE. If the application is approved, trading of the Series C Preferred Shares on the NYSE is expected to begin within 30 days after the original issue date of the Series C Preferred Shares. The underwriters have advised us that they intend to make a market in the Series C Preferred Shares prior to commencement of any trading on the NYSE. However, the underwriters will have no obligation to do so, and no assurance can be given that a market for the Series C Preferred Shares will develop prior to commencement of trading on the NYSE or, if developed, will be maintained.
Tax Considerations	We believe that under current U.S. federal income tax law, all or a portion of the distributions you receive from us will constitute dividends and, if you are an individual citizen or resident of the United States or a U.S. estate or trust and meet certain holding period requirements, such dividends are expected to be taxable as qualified dividend income subject to a maximum 15 percent U.S. federal income tax rate (currently through December 31, 2012). Any portion of your distribution that is not treated as a dividend will be treated first as a non-taxable return of capital to the extent of your tax basis in your Series C Preferred Shares and, thereafter, as capital gain. Please read Material U.S. Federal Income Tax Considerations.

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Form	The Series C Preferred Shares will be issued and maintained in book-entry only form registered in the name of the nominee of The Depository Trust Company, or DTC, except under limited circumstances.
Settlement	Delivery of the Series C Preferred Shares will be made against payment therefor on or about January 28, 2011.
Conflict of Interest	We intend to use the net proceeds from this offering for general corporate purposes, which may include vessel acquisitions or investments. Pending the application of funds for these purposes, we may repay a portion of our outstanding debt under certain of our revolving credit facilities. Certain of the underwriters or their affiliates may receive proceeds from this offering if they are lenders under our credit facilities. Because this offering is being made in compliance with the requirements of Rule 5121 of the Financial Industry Regulatory Authority, Inc., or FINRA, a qualified independent underwriter is not required.

An investment in our Series C Preferred Shares involves risks. You should consider carefully the factors set forth in the section of this prospectus entitled Risk Factors beginning on page S-20 of this prospectus supplement and on page 5 of the accompanying base prospectus to determine whether an investment in our Series C Preferred Shares is appropriate for you.

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Summary Historical Financial and Operating Data

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

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

The historical financial and operating data as at and for the years ended December 31, 2009 and 2008 is derived from our audited consolidated financial statements and the notes thereto, which are contained in our Annual Report on Form 20-F for the year ended December 31, 2009, filed with the Securities and Exchange Commission, or the SEC, on March 19, 2010 and incorporated by reference into this prospectus.

The historical financial and operating data as at and for the year ended December 31, 2007 is derived from our audited consolidated financial statements and the notes thereto, which are contained in our Annual Report on Form 20-F for the year ended December 31, 2008, filed with the SEC on March 31, 2009.

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

The following table should be read together with, and is qualified in its entirety by reference to, our financial statements and the notes thereto incorporated by reference into this prospectus, as well as the notes to the table in the section of this prospectus entitled Selected Historical Financial and Operating Data.

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

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

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Ratio of Earnings to Fixed Charges and Preference Dividends

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

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

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

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

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

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

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

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

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

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Recent Developments

Recently Completed Transactions

Non-Recourse Sale-leaseback Transaction

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

Extension of Time Charter

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

Guarantee Reduction

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

Potential Transactions

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

Potential Non-Recourse Loan Facility Transaction

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

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

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

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

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

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

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

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

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

Potential Investment in Container Shipping Focused Investment Vehicle

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

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

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

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

RISK FACTORS

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

Risks Inherent in Our Business

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

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

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

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

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

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

We must make substantial capital expenditures over the long-term to preserve the operating capacity of our fleet. If, however, we do not retain funds in our business in amounts necessary to preserve the operating capacity of our fleet, over the long-term we will not be able to continue to refinance our indebtedness or maintain our payment of dividends. At some time in the future, we will likely need to retain additional funds, on an annual basis, to provide reasonable assurance of maintaining the operating capacity of our fleet over the long-term. There are several factors that will not be determinable for a number of years, but which our board of directors will consider in future decisions about the amount of funds to be retained in our business to preserve our capital base. To the extent we use or retain available funds to make capital expenditures to preserve the operating capacity of our fleet, there will be less funds available to pay dividends on or redeem our Series C Preferred Shares.

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

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

Restrictive covenants in our credit and lease facilities impose financial and other restrictions on us, which may limit, among other things, our ability to borrow funds under such facilities and our ability to pay dividends.

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