Seaspan CORP
Form 424B5
August 04, 2016
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying base prospectus are not an offer to sell these securities, and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 4, 2016

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 23, 2016)

Shares

Seaspan Corporation

% Series H Cumulative Redeemable Perpetual Preferred Shares

(Liquidation Preference $25 Per Share)

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

Dividends on the Series H Preferred Shares will be cumulative from the date of original issue and will be payable quarterly in arrears on the 30th day of January, April, July and October of each year, when, as and if declared by our board of directors. The initial dividend on the Series H Preferred Shares offered hereby will be payable on October 30, 2016. 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 August , 2021, the Series H 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 H Preferred Shares listed on The New York Stock Exchange. Currently, there is no public market for the Series H Preferred Shares.

Investing in our Series H Preferred Shares involves a high degree of risk. Our Series H Preferred Shares have not been rated. Please read Risk Factors beginning on page S-14 of this prospectus supplement and page 3 of the accompanying base prospectus.

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

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

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

Delivery of the Series H Preferred Shares is expected to be made in book entry form through the facilities of The Depository Trust Company on or about August , 2016.

Joint Book-Running Managers

BofA Merrill Lynch Morgan Stanley J.P. Morgan RBC Capital Markets Citigroup

Co-Managers

Janney Montgomery Scott BB&T Capital Markets Ladenburg Thalmann Wunderlich FBR Incapital

August , 2016

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

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

Unless we otherwise specify, when used in this prospectus supplement, the terms Seaspan, the Company, we, our a us refer to Seaspan Corporation and its subsidiaries, except that when such terms are used in this prospectus supplement in reference to the Series H Preferred Shares, they refer specifically to Seaspan Corporation.

References to shipbuilders are as follows:

SHIPBUILDER	**REFERENCE**
CSBC Corporation, Taiwan	CSBC
Jiangsu New Yangzi Shipbuilding Co., Ltd.	New Jiangsu
Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd.	Jiangsu Xinfu
HHIC-PHIL INC.	HHIC

References to customers are as follows:

CUSTOMER	**REFERENCE**
China Shipping Container Lines (Asia) Co., Ltd.(1)(2)	CSCL Asia
COSCO Container Lines Co., Ltd.(2)(3)	COSCON
Hanjin Shipping Co., Ltd.	Hanjin
Hapag-Lloyd AG	Hapag-Lloyd
Hapag-Lloyd USA, LLC(4)	HL USA
Kawasaki Kisen Kaisha Ltd.	K-Line
Maersk Line A/S(5)	Maersk
MSC Mediterranean Shipping Company S.A.	MSC
Mitsui O.S.K. Lines, Ltd.	MOL

Yang Ming Marine Transport Corp.	Yang Ming Marine
ZIM Integrated Shipping Services Ltd.	ZIM

(1) A subsidiary of China Shipping Container Lines Co., Ltd., or CSCL.
(2) While we continue to charter our vessels to CSCL Asia and COSCON, CSCL Asia and COSCON merged their container shipping businesses in March 2016.
(3) A subsidiary of China COSCO Holdings Company Limited.
(4) A subsidiary of Hapag-Lloyd.
(5) A subsidiary of A.P. Møeller Mærsk A/S.

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Base Prospectus

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SUMMARY

This summary highlights important information contained elsewhere in this prospectus supplement and the accompanying base prospectus. You should carefully read this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference to understand fully our business and the terms of our Series H 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-14 of this prospectus supplement and on page 3 of the accompanying base prospectus to determine whether an investment in our Series H 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.

Our Company

We are the leading independent charter owner and manager of containerships, which we charter primarily pursuant to long-term, fixed-rate time charters with major container liner companies. We operate a fleet of 89 containerships, and we have entered into contracts for the purchase of an additional nine newbuilding containerships, which have scheduled delivery dates through October 2017. Of our nine newbuilding containerships, seven will commence operation under long-term, fixed-rate charters upon delivery. We expect to enter into long-term charter contracts for the remaining newbuilding containerships in the future. The average age of the 89 vessels in our operating fleet is approximately six years, on a TEU-weighted basis.

We primarily deploy our vessels on long-term, fixed-rate time charters to take advantage of the stable cash flow and high utilization rates that are typically associated with long-term time charters. The charters on the 89 vessels in our operating fleet have an average remaining term of approximately five years, on a TEU weighted basis, excluding the effect of charterers options to extend certain time charters.

Customers for our current operating fleet are COSCON, CSCL Asia, Hanjin, Hapag-Lloyd, HL USA, K-Line, Maersk, MSC, MOL, Yang Ming Marine and ZIM. The customers for the seven newbuilding containerships that are subject to charter contracts are Maersk, MSC and Yang Ming Marine.

New Vessel Contracts

Our primary objective is to continue to grow our business through accretive vessel acquisitions.

Our nine newbuilding vessels, which have scheduled delivery dates through October 2017, consist of the following:

Vessel	Vessel Class (TEU)	Length of Charter(1)	Charterer	Scheduled Delivery Date	Shipbuilder
Hull No. 1120	10000	5 years + two one-year options	Maersk	2016	New Jiangsu and Jiangsu Xinfu
Hull No. 1039	14000	10 years + one 2-year option	Yang Ming Marine	2017	CSBC
Hull No. 1122	10000	(2)	(2)	2017	New Jiangsu and Jiangsu

					Xinfu
Hull No. 1169	10000	(2)	(2)	2017	New Jiangsu and Jiangsu Xinfu
Hull No. 145	11000	17 years	MSC	2017	HHIC
Hull No. 146	11000	17 years	MSC	2017	HHIC
Hull No. 147	11000	17 years	MSC	2017	HHIC
Hull No. 148	11000	17 years	MSC	2017	HHIC
Hull No. 153	11000	17 years	MSC	2017	HHIC

(1) Each charter is scheduled to begin upon delivery of the vessel to the charterer.
(2) We expect to enter into a long-term charter for this vessel in the future.

The following table indicates the estimated number of owned, leased and managed vessels in our fleet based on scheduled delivery dates as of July 31, 2016:

	Scheduled for the Year Ended December 31,	
	2016	**2017**
Owned and leased vessels, beginning of year	85	86
Deliveries	5	8
Contractual sale(1)	(4)	
Total, end of period	**86**	**94**
GCI managed vessels, beginning of year	15	17
Deliveries	2	3
Total, end of period	**17**	**20**
Total Fleet	**103**	**114**
Total Capacity (TEU)	**796,300**	**919,300**

(1) Relates to four 4800 TEU vessels that commenced five-year bareboat charters in 2011. Pursuant to the terms of those bareboat charters, the charterer has agreed to purchase the vessels for $5.0 million each in 2016 at the end of the five-year bareboat charter.

Market Opportunity

We believe that there is an opportunity for shipowners with access to capital to acquire vessels at attractive prices and employ them in a manner that will generate attractive returns on capital and is accretive to cash flow. Due to the financial constraints of shipowners and lower rates of growth in global trade, orders for newbuilding containerships, as a percentage of the global fleet, have declined since peaking in 2008. As at July 1, 2016, the orderbook represents approximately 17.5% of global fleet capacity and is heavily weighted towards larger post-panamax vessels greater than 8000 TEU. We believe demand for large fuel-efficient ships will remain strong as container liner companies seek to reduce costs and achieve operating efficiencies, creating opportunities for shipowners with the necessary operational and financial capabilities.

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

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

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Our Competitive Strengths

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

Scale, Diversity and Quality of Our Fleet. We are the largest independent charter owner and manager 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 89 containerships has an average age of approximately six years, on a TEU-weighted basis, which is significantly below the industry average of approximately eight years. Our newbuilding containerships are also subject to our high standards for design, construction quality and maintenance. The vessels in our current operating fleet range in size from 2500 TEU to 14000 TEU, and our 14000 TEU containerships are among the largest containerships in operation. All of our newbuilding containerships under construction are 10000 TEU, 11000 TEU and 14000 TEU containerships.

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

Enhanced Stability of Cash Flows Through Long-Term, Fixed-Rate Time Charters. Our vessels are primarily subject to long-term, fixed-rate time charters, which have an average remaining term of approximately five years, on a TEU-weighted basis. As a result, the majority of our current revenue is protected from the volatility of spot rates and short-term charters. To further promote cash flow stability, we have primarily placed newbuilding orders and purchased secondhand vessels when we have concurrently entered into long-term time charters with our customers. As at July 31, 2016, we had an aggregate of approximately $5.9 billion of contracted future minimum revenue under existing fixed-rate time charters and interest income from sales-type capital leases and direct financing leases.

Proven Ability to Source Capital for Growth. Since our IPO in 2005, we have successfully raised capital to grow our fleet. Including our IPO, we have raised approximately $3.0 billion in public and private issuances of equity securities and $345 million in public issuances of debt securities. In addition, we have secured credit and lease facilities with aggregate outstanding borrowings and commitments of $4.3 billion as of June 30, 2016. We accessed capital during the most recent worldwide economic downturn, including raising common and preferred share equity and entering into sale-leaseback financings. As of June 30, 2016, we had total remaining capital expenditures of approximately $0.6 billion relating to nine newbuilding containerships. We expect to fund our remaining capital expenditures for these newbuilding vessels with our cash, availability under credit facilities associated with the newbuilding vessels and new debt or lease financing that we expect to arrange in advance of vessel deliveries. We intend to continue to access existing capital, and to seek new sources of capital, to cost-effectively maintain and grow our fleet over the long term.

Significant Delivered Fleet Growth. We have significantly grown our fleet since our IPO in August 2005. At that time, we had an operating fleet of 10 vessels with another 13 vessels on order, aggregating 116,950 TEU. We now have 89 vessels in operation and nine newbuilding containerships on order, aggregating 706,100 TEU excluding the four 4800 TEU vessels currently chartered to MSC and scheduled to be sold to MSC during 2016, an increase since our IPO of 504% in TEU capacity. The aggregate capacity of these nine newbuilding vessels that we have contracted to purchase, with scheduled delivery dates through October 2017, represents approximately 15.8% 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, will enable us to continue sourcing newbuilding and secondhand vessel acquisition opportunities at terms attractive to us.

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

Our Business Strategies

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

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

Expanding and Diversifying Our Customer Relationships. Since our IPO, we have increased our customer base from two to 11 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 we are well positioned to secure new chartering business from existing and potential new customers due to our experience in ship design and construction supervision and our reputation for high quality operations.

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 partnering opportunities that would allow us to seek to capitalize on opportunities in the newbuilding and secondhand markets with more modest investments. We may also consider business acquisitions, as appropriate.

Maintaining Efficient Capital Structure and Diversified Sources of Capital. 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. We operate a capital-intensive business. We believe that our ability to access new and innovative sources of capital from a broad range of capital providers has provided a competitive advantage for us.

An investment in our Series H 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 hinder achievement of our business strategy. Our growth also depends upon continued growth in demand for containerships. A reduction in demand for containerships, increased competition or an inability to make accretive vessel acquisitions may lead to reductions and volatility in charter hire rates and profitability. In addition, we may be unable to realize expected benefits from acquisitions, and implementing our growth strategy through acquisitions may harm our business, financial condition, operating results and ability to pay dividends on or redeem our Series H Preferred Shares. Before investing in our Series H Preferred Shares, you should consider carefully the factors set forth in the section of this prospectus entitled Risk Factors beginning on page S-14 of this prospectus supplement and on page 3 of the accompanying base prospectus.

Greater China Intermodal Investments LLC

In March 2011, we co-founded Greater China Intermodal Investments LLC, or GCI, which is our investment partnership established with an affiliate of global asset manager The Carlyle Group, or Carlyle, and others. GCI invests equity capital in containership assets, primarily newbuilding vessels strategic to the People s Republic of China, Taiwan, Hong Kong and Macau, or Greater China. Our belief in co-founding GCI was that the combination of our expertise and relationships in the containership market and Carlyle s financial resources, global business network and access to capital would enhance our ability to take advantage of growth opportunities in the containership market.

GCI intends to invest up to $900 million equity capital in containership assets, of which we committed up to $100 million. We currently have an ownership interest in GCI of approximately 10.7% and, as of June 30, 2016, our equity investment in GCI totaled approximately $48.1 million. GCI s fleet of 20 containerships is comprised primarily of modern large and ultra-large vessels, including 15 on-the-water vessels and five newbuilding vessels with delivery dates scheduled through the end of 2017. All such vessels, other than two of the newbuildings and two of the on-the-water vessels, are subject to long-term charter contracts with liner companies that are existing customers of us. We have overseen the construction of nearly all of GCI s vessels and manage all of their operating fleet. For additional information about GCI, please read Certain Relationships and Related Party Transactions Our Investment in Carlyle Containership-Focused Investment Vehicle.

Recent Developments

Potential Acquisition of Greater China Intermodal Investments LLC

Our growth strategy includes expanding our fleet through the selective acquisition of newbuildings and on-the-water containerships. We have had extensive discussions with the owners of GCI about potentially acquiring the remaining approximately 89% equity interests of GCI that we do not currently own and potentially acquiring GCI s newbuilding and on-the-water containerships and the associated charters.

During the second quarter of 2016, we acquired two newbuilding 11000 TEU vessels from GCI for a purchase price of $195.6 million, along with the associated 17-year bareboat charters with MSC that will commence upon the deliveries of the vessels in 2017. We also entered into lease arrangements with third parties for the 10000 TEU newbuilding vessel MOL Beyond and the 14000 TEU newbuilding vessel YM Window, vessels that were previously owned by GCI. GCI transferred the respective time charters with MOL for the MOL Beyond and with Yang Ming Marine for the YM Window to us for no consideration.

We continue to have discussions with the owners of GCI about such further potential acquisitions. Any such acquisition would be subject to the approval of our board of directors independent governance and conflicts committee, the approval of GCI s board of managers and, if material to us, the receipt of a fairness opinion. We have not entered into any definitive agreement for an acquisition of GCI or the acquisition of further assets of GCI, and may not determine or agree to pursue any such transaction. If we were to acquire GCI, or a significant portion of GCI s remaining assets, we expect that a substantial portion of the purchase price would consist of our assumption of GCI vessel-related debt and remaining newbuilding obligations.

GCI is owned 83% by Greater China Industrial Investments LLC, or GC Industrial, an affiliate of Carlyle, 10.7% by our subsidiary Seaspan Investment I Ltd., 3.6% by Tiger Management Limited, an entity controlled by one of our directors, Graham Porter, or the Tiger Member, and 2.7% by Blue Water Commerce, LLC, an affiliate of Dennis R. Washington, our largest shareholder, or the Washington Member. The Tiger Member also has an ownership interest in GC Industrial, and the Washington Member and Gerry Wang, our co-founder, co-chairman and chief executive officer, have interests in the Tiger Member. As a result, Messrs. Wang and Porter and the Washington Member would have indirect interests in certain incentive distributions that GC Industrial would receive from GCI, pursuant to GCI s operating agreement, upon any sale of GCI or distribution of the proceeds of the sale of GCI s assets. Our employment agreement with Mr. Wang provides that we would pay him certain transaction fees in connection with any acquisition by us of GCI or certain assets of GCI. An affiliate of Mr. Porter is party to a services agreement with us that would result in payments to the affiliate relating to certain debt and lease financings we may incur in connection with any acquisition by us of GCI or assets of GCI. For additional information about GCI and these arrangements, please read Certain Relationships and Related Party Transactions.

We can provide no assurance as to whether any transaction involving GCI may occur or, if a transaction is completed, the terms of such transaction. In addition, there can be no assurance that any such transaction, if completed, would be viewed in a positive manner by investors.

Hanjin Shipping Restructuring

Our customer Hanjin Shipping Co. Ltd., or Hanjin, announced on May 4, 2016 that it is pursuing a voluntary restructuring arrangement with its lenders, led by state-owned Korea Development Bank, or KDB. Hanjin charters three of our 10000 TEU vessels and four of GCI s 10000 TEU vessels under 10-year charter contracts, with options to extend. The total contracted future revenue under our three charter contracts with Hanjin is approximately $365.8 million as of July 31, 2016, excluding extension options. As at June 30, 2016, we had a total of approximately $11.6 million of accounts receivable from Hanjin, all of which is past due. We have not taken any reserve or allowance in our June 30, 2016 financial statements when valuing the past due receivables. However, we continue to monitor the situation to assess whether a reserve or allowance should be recorded. As of the date of this prospectus supplement, we have a total of approximately $16.4 million of past due accounts receivable from Hanjin.

Hanjin has made a request to us and other owners of containership vessels that Hanjin charters for a reduction in existing charter rates for a period of three and one half years, in exchange for securities in a restructured Hanjin. We rejected this request, and neither Hanjin nor KDB can change the charter rates in the voluntary restructuring without our consent. However, Hanjin may fail to continue to promptly make charter payments or may seek to terminate the charter contracts. A failure by Hanjin to continue to promptly make payments under the charter contracts, termination of the charter contracts or an insolvency or similar event involving Hanjin could result in a default under our financing agreements relating to our Hanjin vessels and permit the lenders to exercise available remedies. Hanjin s failure to continue to make charter payments would also permit us to arrest the applicable vessels, terminate the charters and seek to recharter the vessels, and exercise other remedies under the charters and otherwise, which, we believe would further materially harm Hanjin s business and restructuring efforts. It is uncertain at this time how the Hanjin restructuring may affect us and Hanjin s obligations under its existing contracts with us.

Corporate Information

We are a Marshall Islands corporation incorporated on May 3, 2005. We maintain our principal executive offices at Unit 2, 2nd 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 our Series H Preferred Shares.

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THE OFFERING

Issuer	Seaspan Corporation
Securities Offered	of our % Series H Cumulative Redeemable Perpetual Preferred Shares, par value $0.01 per share, liquidation preference $25.00 per share, plus up to an additional shares if the underwriters exercise in full their option to purchase additional shares. For a detailed description of the Series H Preferred Shares, please read Description of Series H Preferred Shares.
Price per Share	$
Conversion; Exchange and Preemptive Rights	The Series H Preferred Shares will not have any conversion or exchange rights and will not be entitled to preemptive rights.
Dividends	Dividends on the Series H Preferred Shares will accrue and be cumulative from the date that the Series H Preferred Shares are originally issued and will be payable on each Dividend Payment Date (as defined below) when, as and if declared by our board of directors or any authorized committee thereof out of legally available funds for such purpose.
Dividend Payment Dates	January 30, April 30, July 30 and October 30, commencing October 30, 2016 (each, a Dividend Payment Date).
Dividend Rate	The dividend rate for the Series H Preferred Shares will be % per annum per $ of liquidation preference per share (equal to $ per share per annum).
Ranking	The Series H 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 H Preferred Shares will rank:

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

pari passu with our existing Series D, Series E, Series F and Series G preferred shares and any other class or series of capital stock established after the original issue date of the Series H Preferred Shares that is not expressly subordinated or senior to the Series H 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

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

No dividend may be declared or paid or set apart for payment on any Junior Securities (other than a dividend payable solely in shares of Junior Securities) unless (a) full cumulative dividends have been or contemporaneously are being paid or provided for on all outstanding Series H Preferred Shares and any Parity Securities (including the Series D, Series E, Series F and Series G 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 H 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 H 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 H Shares and any Parity Securities (including the Series D, Series E, Series F and Series G 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 H Preferred Shares and any Parity Securities (including the Series D, Series E, Series F and Series G preferred shares) are paid, any partial payment will be made pro rata with respect to the Series H Preferred Shares and any Parity Securities (including the Series D, Series E, Series F and Series G 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 H 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 August , 2021, we may redeem, in whole or in part, the Series H 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 H Preferred Shares generally have no voting rights. However, if and whenever dividends payable on the Series H

Preferred Shares are in arrears for six or more quarterly periods, whether or not consecutive, holders of the Series H Preferred Shares (voting together as a class with all other classes or series of Parity Securities upon which like voting rights have been conferred and are exercisable, including holders of our Series D, Series E and Series G 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 H Preferred Shares voted as a class for the election of such director). The right of such holders of Series H 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 H 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 H Preferred Shares, voting as a single class, we may not adopt any amendment to our articles of incorporation that adversely alters the preferences, powers or rights of the Series H 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 H 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 D, Series E, Series F and Series G preferred shares), we may not (a) issue any Parity Securities if the cumulative dividends payable on outstanding Series H Preferred Shares are in arrears or (b) create or issue any Senior Securities.

Net Worth Covenant

We will be subject to a covenant with respect to the Series H 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 H Preferred Shares Net Worth Covenant.

Fixed Liquidation Price

In the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, holders of the Series H 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 H Preferred Shares are not subject to any sinking fund requirements.
Use of Proceeds	We intend to use the net proceeds of the sale of the Series H Preferred Shares, which are expected to total approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional shares), for general corporate purposes, which may include funding acquisitions (which may include equity interests in GCI or assets of GCI), funding capital expenditures on existing newbuild vessels and debt repayments. 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 H Preferred Shares on The New York Stock Exchange, or NYSE. If the application is approved, trading of the Series H Preferred Shares on NYSE is expected to begin within 30 days after the original issue date of the Series H Preferred Shares. The underwriters have advised us that they intend to make a market in the Series H Preferred Shares prior to commencement of any trading on NYSE. However, the underwriters will have no obligation to do so, and no assurance can be given that a market for the Series H Preferred Shares will develop prior to commencement of trading on NYSE or, if developed, will be maintained.
Tax Considerations	We believe that all or a portion of the distributions you would receive from us with respect to your Series H Preferred Shares would constitute dividends. If you are an individual citizen or resident of the United States or a U.S. estate or trust and meet certain holding period requirements, such dividends would be expected to be taxable as qualified dividend income that is taxable at preferential capital gains tax rates. Any portion of your distribution that is not treated as a dividend will be treated first as a non-taxable return of capital to the extent of your tax basis in your Series H Preferred Shares and, thereafter, as capital gain. In addition, there are other tax matters you should consider before investing in the Series H Preferred Shares, including our tax status as a non-U.S. issuer. Please read Material United States Federal Income Tax Considerations, Non-United States Tax Considerations and Risk Factors Tax Risks.
Form	The Series H Preferred Shares will be issued and maintained only in book-entry form registered in the name of the nominee of The

	Depository Trust Company, or DTC, except under limited circumstances.
Settlement	Delivery of the Series H Preferred Shares offered hereby will be made against payment therefor on or about August , 2016.

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Risk Factors	An investment in our Series H 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-14 of this prospectus supplement and on page 3 of the accompanying base prospectus to determine whether an investment in our Series H Preferred Shares is appropriate for you.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

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

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

The historical consolidated financial data as at December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 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, 2015, filed with the Securities and Exchange Commission, or the SEC, on March 10, 2016, and incorporated by reference into this prospectus.

The historical consolidated financial data as at December 31, 2013 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, 2014, filed with the SEC on March 10, 2015.

The historical consolidated financial data as at and for the six months ended June 30, 2016 and 2015 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 July 27, 2016 and July 31, 2015, and incorporated by reference into this prospectus.

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

	Year Ended December 31,			Six Months Ended June 30,	
	2013	**2014**	**2015**	**2015**	**2016**
Statements of operations data (in thousands of dollars):					
Revenue	$ 677,090	$ 717,170	$ 819,024	$ 387,699	$ 439,837
Operating expenses:					
Ship operating	150,105	166,097	193,836	93,866	96,840
Cost of services, supervision fees			1,950	1,300	5,200
Depreciation and amortization	172,459	181,527	204,862	98,950	113,352
General and administrative	34,783	30,462	27,338	13,182	16,857
Operating leases	4,388	9,544	40,270	14,734	35,513
Operating earnings	315,355	329,540	350,768	165,667	172,075
Other expenses (income):					
Interest expense and amortization of deferred financing fees	69,973	98,501	108,693	53,257	60,238

Interest income	(2,045)	(10,653)	(11,026)	(6,659)	(5,845)
Undrawn credit facility fee	2,725	3,109	3,100	1,707	1,153
Refinancing expenses and costs	4,038	70	5,770	2,304	772
Change in fair value of financial instruments(1)	(60,504)	105,694	54,576	19,855	75,765
Equity (income) loss on investment	670	(256)	(5,107)	(1,334)	(3,968)
Other (income) expenses	1,470	1,828	(4,629)	(6,152)	407
Net earnings	$ 299,028	$ 131,247	$ 199,391	$ 102,689	$ 43,553
Earnings per share:					
Class A common share, basic	$ 3.36	$ 0.80	$ 1.46	$ 0.76	$ 0.17
Class A common share, diluted	2.93	0.79	1.46	0.76	0.17

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	Year Ended December 31,			Six Months Ended June 30,	
	2013	2014	2015	2015	2016
Statements of cash flows data (in thousands of dollars):					
Cash from (used in):					
Operating activities	$ 327,669	$ 342,959	$ 335,872	$ 156,363	$ 165,586
Financing activities	62,491	73,621	394,527	212,152	142,469
Investing activities	(295,158)	(691,205)	(716,634)	(306,073)	(176,918)
Selected balance sheet data (in thousands of dollars):					
Cash and cash equivalents	$ 476,380	$ 201,755	$ 215,520	$ 264,197	$ 346,657
Current assets	600,113	516,926	540,163	487,182	521,092
Vessels(2)	4,992,271	5,095,723	5,278,348	5,276,135	5,274,296
Total assets(3)	5,906,037	5,857,344	6,073,819	6,030,743	6,080,094
Long-term debt(3)	3,208,381	3,349,901	3,357,841	3,313,153	3,290,802
Share capital(4)	882	1,209	1,223	1,233	1,259
Total shareholders equity	1,571,705	1,745,224	1,776,183	1,797,988	1,729,152
Other data:					
Number of vessels in operation at period end	71	77	85	82	89
TEU capacity at period end	414,300	474,300	578,300	540,300	626,300
Fleet utilization rate(5)	98.0%	99.0%	98.5%	98.4%	97.7%

(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 vessels under construction.
(3) Prior to the adoption of Accounting Standards Update 2015-03, Simplifying the Presentation of Debt Issuance Costs, or ASU 2015-03, all debt issuance costs were presented as other non-current assets in our consolidated balance sheets. With the adoption of ASU 2015-03 on January 1, 2016, we present debt issuance costs related to a recognized debt liability, which includes long-term debt and other long-term liabilities, as a direct deduction from the carrying amount of that debt liability in our consolidated balance sheets. As a result of adopting ASU 2015-03, total assets and related debt liabilities decreased by $41.7 million (December 31, 2013), $38.0 million (December 31, 2014), $35.3 million (December 31, 2015) and $42.6 million (June 30, 2015) from the amounts previously presented.
(4) For a description of our capital stock, please see Description of Capital Stock of this prospectus supplement and note 10 to our consolidated financial statements included in our Annual Report on Form 20-F for the year ended December 31, 2015.
(5) Fleet utilization is based on number of operating days divided by the number of ownership days during the period.

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RISK FACTORS

Any investment in our Series H 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 H Preferred Shares. If any of these risks were to occur, our business, financial condition or operating results could be harmed, which may reduce our ability to pay dividends on or redeem, and lower the trading price of, our Series H Preferred Shares. You may lose all or part of your investment. In addition, we are subject to the following risks and uncertainties:

Risks of Investing in our Series H Preferred Shares

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

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

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

- our ability to service and refinance our current and future indebtedness;
- our ability to raise additional debt and equity to satisfy our capital needs;
- dividend and redemption payments applicable to other senior or parity equity securities; and
- our ability to draw on our existing credit facilities and the ability of our lenders and lessors to perform their obligations under their agreements with us.

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

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

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- restrictions under our existing or future credit, capital lease and operating lease facilities or any future debt securities, including existing restrictions under our credit, capital lease and operating lease facilities on our ability to declare or pay dividends if an event of default has occurred and is continuing or if the payment of the dividend would result in an event of default;

- the amount of any reserves established by our board of directors; and

- restrictions under Marshall Islands law, which generally prohibits the payment of dividends other than from surplus (i.e., retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

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

The Series H Preferred Shares represent perpetual equity interests.

The Series H 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 H Preferred Shares may be required to bear the financial risks of an investment in the Series H Preferred Shares for an indefinite period of time. In addition, the Series H Preferred Shares will rank junior to all our indebtedness and other liabilities, and to any senior equity securities we may issue in the future with respect to assets available to satisfy claims against us.

The Series H 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 H Preferred Shares will increase your reliance on the secondary market for liquidity purposes.

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

- prevailing interest rates;

- the market for similar securities;

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

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

We have not sought to obtain a rating for the Series H 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 H Preferred Shares or that we may elect to obtain a rating of our Series H 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 H 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 H Preferred Shares), could adversely affect the market for, or the market value of, the Series H 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 H Preferred Shares. Ratings do not reflect market prices or suitability of a security for a particular investor and any future rating of the Series H Preferred Shares may not reflect all risks related to us and our business, or the structure or market value of the Series H Preferred Shares.

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

Our Series H Preferred Shares will be subordinate to all of our existing and future long-term debt and capital lease obligations, and our obligations under our operating leases. As of June 30, 2016, we had outstanding long-term debt and capital lease obligations of approximately $3.7 billion. Our existing financing arrangements restrict, and our future financing arrangements may restrict our ability to pay dividends to preferred shareholders. Our articles of incorporation currently authorize the issuance of up to 150 million shares of preferred stock in one or more classes or series. The issuance of additional preferred stock on a parity with or senior to our Series H Preferred Shares would dilute the interests of the holders of our Series H Preferred Shares, and any issuance of preferred stock senior to or on a parity with our Series H Preferred Shares or of additional long-term debt could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series H Preferred Shares. No provisions relating to our Series H Preferred Shares protect the holders of our Series H 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 H Preferred Shares.

The Series H Preferred Shares will be junior to any Senior Securities and pari passu with our Series D, Series E, Series F and Series G preferred shares.

Our Series H Preferred Shares will rank junior to any Senior Securities and pari passu with our existing Series D, Series E, Series F and Series G preferred shares and any other class or series of capital stock established after the original issue date of the Series H Preferred Shares that is not expressly subordinated or senior to the Series H 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 H Preferred Shares and any parity securities are paid, any partial payment shall be made pro rata with respect to shares of Series H 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 H Preferred Shares.

One of the factors that will influence the price of our Series H Preferred Shares is the dividend yield on the Series H Preferred Shares (as a percentage of the price of our Series H 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 H 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 H Preferred Shares to decrease.

The Series H Preferred Shares are redeemable at our option.

We may, at our option, redeem some or all of the Series H Preferred Shares on and after August , 2021, to the extent we have funds legally available for such purpose. If we redeem your Series H Preferred Shares, you will be entitled to receive a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. It is likely that we would choose to exercise our optional redemption right only when prevailing interest rates have declined, which would adversely affect your ability to reinvest your proceeds from the redemption in a comparable investment with an equal or greater yield to the yield on the Series H Preferred Shares had the shares not been redeemed.

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

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

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

Your voting rights as a holder of Series H Preferred Shares will be extremely limited and will be the same as those voting rights conferred upon a holder of Series D, Series E or Series G preferred shares. Our common stock and our Series F preferred shares are the only class and series of our capital stock carrying full voting rights. Holders of the Series H Preferred Shares generally will have no voting rights. However, in the event that six quarterly dividends, whether consecutive or not, payable on Series H Preferred Shares or other parity securities (including the Series D, Series E and Series G preferred shares) are in arrears, the holders of Series H 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 D, Series E and Series G 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 H Preferred Shares voted as a class for the election of such director). The right of such holders of Series H 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 H Preferred Shares have been paid in full. Certain other limited protective voting rights are described in this prospectus under Description of Series H Preferred Shares Voting Rights.

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

Marshall Islands law provides that we may pay dividends on and redeem our Series H 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 H Preferred Shares if we are insolvent or would be rendered insolvent by the payment of such a dividend or the making of such redemption.

Risks Inherent in Our Business

Our ability to obtain additional 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 and financial condition.

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 or dilution of our equity holders interests.

We have contracted to purchase an additional nine newbuilding containerships with scheduled delivery dates through October 2017. The total purchase price of the nine containerships remaining to be paid is estimated to be approximately $0.6 billion. Our obligation to purchase the nine containerships is not conditional upon our ability to obtain financing for such purchases. We intend to significantly expand the size of our fleet beyond our existing contracted vessel program. The acquisition of additional newbuilding or existing containerships or businesses will require significant additional capital expenditures.

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

Over the long term, we will be required to make substantial capital expenditures to preserve the operating capacity of our fleet.

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. 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 our equity securities shares.

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

To borrow funds under our existing debt facilities and capital lease arrangements, 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 as defined in the agreement and we must also ensure that certain interest coverage, and interest and principal coverage ratios are met. Total borrowings and total assets are terms defined in our credit facilities and differ from those used in preparing our consolidated financial statements, which are prepared in accordance with U.S. GAAP. To the extent we are not able to satisfy the requirements in our credit and lease 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 and lease facilities if we experience a change of control. These events may result in financial penalties to us under our operating leases.

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

- pay dividends if an event of default has occurred and is continuing under one of our credit and lease facilities or if the payment of the dividend would result in an event of default;
- incur additional indebtedness under the credit facilities or otherwise, including through the issuance of guarantees;
- create liens on our assets;
- sell our vessels without replacing such vessels or prepaying a portion of our loan; or
- merge or consolidate with, or transfer all or substantially all our assets to, another person.

Accordingly, we may need to seek consent from our lenders or lessors in order to engage in some corporate actions. The interests of our lenders or lessors may be different from ours, and we may be unable to obtain our lenders or lessors consent when and if needed. In addition, we are subject to covenants for our preferred shares and public debt securities. Please read Description of Capital Stock. If we do not comply with the restrictions and covenants in our credit or lease facilities, public debt securities or in our preferred shares, our business, results of operations and financial condition and ability to pay dividends on or redeem our Series H Preferred Shares will be harmed.

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

We intend to finance a substantial portion of our fleet expansion with secured indebtedness drawn under our existing and future credit and lease facilities. We have significant repayment obligations under our credit and lease facilities, both prior to and at maturity. 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 satisfy payment obligations related to our securities and our credit and lease facilities 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 or lease 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

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fluctuates with market conditions, will also affect our ability to obtain financing or refinancing as our vessels serve as collateral for loans. Lower vessel values at the time of any financing or refinancing may reduce the amounts of funds we may borrow.

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

As of June 30, 2016, we had approximately $3.3 billion outstanding under our credit facilities and senior unsecured notes and capital lease obligations of approximately $411.7 million. The amounts outstanding under our credit facilities and our lease obligations will further increase following the completion of our acquisition of the nine newbuilding containerships that we have contracted to purchase. For the nine newbuilding containerships that we have contracted to purchase, we have entered into credit or lease facilities for six of the vessels and plan to enter into additional credit facilities or lease obligations to finance the remaining three vessels. Our level of debt and vessel lease obligations could have important consequences to us, including the following:

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

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

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

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

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

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

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

If financing or refinancing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be unable to implement our growth strategy,

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complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could harm our business, results of operations and financial condition.

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

Our current vessels are, and we anticipate that those that we acquire in the future will be, primarily chartered to customers under long-term time charters. Payments to us under those charters currently, and are expected to continue to, account for nearly all of our revenue. Many of our customers finance their activities through cash flow from operations, the incurrence of debt or the issuance of equity. During the financial and economic crises, there occurred a significant decline in the credit markets and the availability of credit and other forms of financing. Additionally, the equity value of many of our customers substantially declined during that period. The combination of a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under reserve-based credit facilities and the limited or lack of availability of debt or equity financing potentially reduced the ability of our customers to make charter payments to us. Any recurrence of the significant financial and economic disruption of 2007 and 2008, or any other negative developments affecting our customers generally or specifically, 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 and financial condition.

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 or developments, including with respect to the fluctuating price of commodities and currency exchange rates. In addition, the refund guarantors under our shipbuilding contracts (which are banks, financial institutions and other credit agencies that guarantee, under certain circumstances, the repayment of installment payments we make to the shipbuilders), may also be negatively affected by adverse financial market conditions in the same manner as our lenders and, as a result, be unable or unwilling to meet their obligations to us due to their own financial condition. If our shipbuilders or refund guarantors are unable or unwilling to meet their obligations to us, this will harm our fleet expansion and may harm our business, results of operations and financial condition.

Charter party-related defaults under certain of our secured credit or capital lease facilities or our operating leases could permit the financiers to accelerate outstanding obligations under and terminate the facilities, or terminate the operating leases and subject us to termination penalties.

Many of our vessel financing credit facilities and capital lease arrangements, as well as our operating leases, are secured by, among other things, the charter parties for the applicable vessels and contain default provisions relating to such charter parties. The prolonged failure of the charterer to fully pay under the charter party or the termination or repudiation of the charter party without our entering into a replacement charter contract within a specified period of time constitute an event of default under certain of our financing agreements. If such a default were to occur, our outstanding obligations under the applicable financing agreements may become immediately due and payable, and the lenders commitments under the financing agreements to provide additional financing, if any, may terminate. This could also lead to cross-defaults under other financing agreements and result in obligations becoming due and commitments being terminated under such agreements. A default under any financing agreement could also result in foreclosure on certain applicable vessels and other assets securing related loans or financings.

Our customer Hanjin announced on May 4, 2016 that it is pursuing a voluntary restructuring arrangement with its lenders, led by state-owned Korea Development Bank, or KDB. Hanjin charters three of our 10000 TEU vessels and four of GCI s 10000 TEU vessels under 10-year charter contracts, with options to extend. The total contracted future revenue under our three charter contracts with Hanjin is approximately $365.8 million as of July 31, 2016, excluding extension options. Hanjin has made a request to us and other owners of containership

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vessels that Hanjin charters for a reduction in existing charter rates for a period of three and one half years in exchange for securities in a restructured Hanjin. We rejected this request. However, Hanjin may fail to continue to promptly make charter payments or may seek to terminate the charter contracts. A failure by Hanjin to continue to promptly make payments under the charter contracts, termination of the charter contracts or an insolvency or similar event involving Hanjin could result in a default under our financing agreements relating to our Hanjin vessels and permit the lenders to exercise available remedies as described above in this risk factor. The exercise of any such rights by our lenders would harm our business, results of operations and financial condition. It is uncertain at this time how the Hanjin restructuring may affect us and Hanjin s obligations under its existing contracts with us. As at June 30, 2016, we had a total of approximately $11.6 million of accounts receivable from Hanjin, all of which is past due. We have not taken any reserve or allowance in our June 30, 2016 financial statements when valuing the past due receivables. However, we continue to monitor the situation to assess whether a reserve or allowance should be recorded. As of the date of this prospectus supplement, we have a total of approximately $16.4 million of past due accounts receivable from Hanjin.

We will be paying all costs for the newbuilding vessels that we have contracted to purchase, and have incurred borrowings to fund, in part, installment payments under the relevant shipbuilding contracts. If any of these vessels are not delivered as contemplated, we may be required to repay 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 18 months. For each of the newbuilding vessels that we have agreed to purchase, we are required to make certain payment installments prior to a final installment payment, which final installment payment generally is approximately 50% to 80% of the total vessel purchase price. We have entered into long-term credit facilities to partially fund the construction of our newbuilding vessels and plan to enter into additional credit facilities or lease obligations to fund the remaining vessels that we have contracted to purchase. We are required to make these payments to the shipbuilder and to pay the debt service cost under the credit facilities in advance of receiving any revenue under the time charters for the vessels, which commence following delivery of the vessels.

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

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 June 30, 2016, the number of vessels in our operating fleet that were chartered to our customers and the percentage of our total revenue attributable to such customers for the six months ended June 30, 2016:

Customer	Number of Vessels in our Operating Fleet Chartered to Such Customer	Percentage of Total Revenue for the Six Months Ended June 30, 2016
COSCON(1)	18	33.4%
CSCL Asia(1)	17	14.5%
MOL	10	12.7%
Yang Ming	8	12.4%

Hapag-Lloyd(2)	16	9.1%
Other	20	17.9%
Total	**89**	**100.0%**

(1) While we continue to charter our vessels to CSCL Asia and COSCON, CSCL Asia and COSCON merged their container shipping businesses on March 1, 2016.

(2) Includes vessels chartered to Hapag-Lloyd and HL USA.

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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 and financial condition.

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

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

Any recurrence of significant financial and economic disruptions 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 and financial condition.

Our growth depends upon continued growth in demand for containerships.

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

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

- supply and demand for products suitable for shipping in containers;
- changes in global production of products transported by containerships;
- seaborne and other transportation patterns, including the distances over which container cargoes are transported and changes in such patterns and distances;

- the globalization of manufacturing;
- global and regional economic and political conditions;
- developments in international trade;
- environmental and other regulatory developments;
- currency exchange rates; and
- weather.

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

- the number of newbuilding orders and deliveries;
- the extent of newbuilding vessel deferrals;

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

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

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

As of July 1, 2016, newbuilding containerships with an aggregate capacity of 3.5 million TEUs, representing approximately 17.5% of the total worldwide containership 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, which is currently the case. If such a reduction occurs or exists when we seek to charter newbuilding vessels, our growth opportunities may be diminished. If such a reduction occurs or exists upon the expiration or termination of our containerships current time charters, we may only be able to re-charter our containerships at unprofitable rates, if at all. As of July 31, 2016, we had three vessels off-charter following charter expiration; we have an additional 12 and 13 vessels subject to existing charters that are scheduled to expire during the remainder of 2016 and 2017, respectively.

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 on or redeem our Series H Preferred Shares.

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

Any acquisition of, or investment in, a vessel or business may not be profitable to us at or after the time we acquire or make such acquisition or investment 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:

- fail to realize anticipated benefits, such as new customer relationships, cost savings or cash flow enhancements;

be unable to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet;

decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions or investments;

increase our leverage or dilute existing shareholders to the extent we fund any acquisitions through the assumption or incurrence of indebtedness or the issuance of equity securities;

incur or assume unanticipated liabilities, losses or costs associated with the business or vessels acquired;

have difficulties achieving internal controls effectiveness and integrating an acquired business into our internal controls framework;

incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges; or

not be able to service our debt obligations and other payment obligations related to our securities, including dividends or redemption payments on our Series H Preferred Shares.

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

As of July 31, 2016, a total of 17 of the 94 vessels in our current and contracted fleet were chartered to CSCL Asia, and 18 vessels are chartered to COSCON. On March 1, 2016, the parent entities of CSCL Asia and COSCON entered into a series of agreements to merge their businesses, including their containership business. Integration of the containership business is expected to take several months. Our vessels that are chartered to Chinese customers and our newbuilding vessels that are being constructed in China are subject to various risks as a result of uncertainties in Chinese law, including (a) the risk of loss of revenues, property or equipment as a result of expropriation, nationalization, changes in laws, exchange controls, war, insurrection, civil unrest, strikes or other political risks and (b) being subject to foreign laws and legal systems and the exclusive jurisdiction of Chinese courts and tribunals.

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

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 and financial condition.

Adverse economic conditions globally, and especially in the Asia Pacific region, the European Union or the United States, could harm our business, results of operations and financial condition.

The global economy experienced disruption and volatility following adverse changes in global capital markets commencing in 2007 and 2008. 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, results of operations and financial condition.

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, or GDP which has increased the demand for shipping. However, China s high rate of real GDP growth is forecasted to continue to slow during the remainder of 2016. Additionally, the European Union and certain of its member states are facing significant economic and political challenges. Our business, results of operations and financial condition will likely be harmed by any significant economic downturn in the Asia Pacific region, including China, or in the European Union or the United States.

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

We intend to acquire additional containerships as market conditions allow in conjunction with entering primarily into additional long-term, fixed-rate time charters for such ships, and to recharter our existing vessels following the expiration of their current long-term time charters to the extent we retain those vessels in our fleet. The 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:

- shipping industry relationships and reputation for customer service and safety;
- container shipping experience and quality of ship operations, including cost effectiveness;

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

Competition for providing new containerships for chartering purposes comes from a number of experienced shipping companies, including direct competition from other independent charter owners and indirect competition from state-sponsored and other major entities with their own fleets. Some of our competitors have significantly greater financial resources than we do and can operate larger fleets and may be able to offer better charter rates. An increasing number of marine transportation companies have entered the containership sector, including many with strong reputations and extensive resources and experience in the marine transportation industry. This increased competition may cause greater price competition for time charters. As a result of these factors, we may be unable to expand our relationships with existing customers or to develop relationships with new customers on a profitable basis, if at all, which would harm our business, results of operations and financial condition. These risks will be heightened to the extent that we enter into newbuilding or other vessel acquisition contracts prior to entering into charters for such vessels.

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 containerships 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.

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

The U.S. accounting standard-setting organization has issued its new standard on leases which has the effect of bringing most off-balance sheet leases onto a lessee s balance sheet as a right-of-use asset and a lease liability for all leases, including operating leases, with a term greater than 12 months. This 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.

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

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

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

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

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, the Gulf of Aden off the coast of Somalia and, in recent years, certain locations off of the West Coast of Africa. We may not be adequately insured to cover losses from these incidents, which could harm our business, results of operations and financial condition. 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 and financial condition.

Terrorist attacks and international hostilities could harm our business, results of operations and financial condition.

Terrorist attacks and the continuing response 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 countries in which our shipbuilders are located, 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. In addition, terrorist attacks targeted at sea vessels in the future may negatively affect our operations and financial condition and directly affect our containerships 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 and financial condition.

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

International containership 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.

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 and financial condition.

Depending on the outcome of an ongoing European Union 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 and financial condition. 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 and financial condition.

Over time, containership values and charter rates may fluctuate substantially, which could adversely affect our results of operations or our ability to raise capital.

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

- prevailing economic conditions in the market in which the containership trades;

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

If a charter terminates, we may be unable to re-deploy the vessel at attractive rates and, rather than continue to incur costs to maintain and finance the vessel, may seek to dispose of it. Our inability to dispose of the containership at a reasonable price, or at all, could result in a loss on its sale and harm our business, results of operations and financial condition. In addition to the three vessels that are off-charter at July 31, 2016, we expect that 12 and 13 vessels will come off charter during the remainder of 2016 and 2017, respectively, of which three and eight vessels will come off their long-term charters in 2016 and 2017, respectively.

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. We review our containership assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, which occurs when the assets carrying value is greater than the undiscounted future cash flows the asset is expected to generate over its remaining useful life. In our experience, certain assumptions relating to our estimates of future cash flows are more predictable by their nature, including estimated revenue under existing contract terms and remaining vessel life. Certain assumptions relating to our estimates of future cash flows require more judgment and are inherently less predictable, such as future charter rates beyond the firm period of existing contracts, ongoing operating costs and vessel residual values, due to factors such as the volatility in vessel charter rates and vessel values. We believe that the assumptions used to estimate future cash flows of our vessels are reasonable at the time they are made. We can make no assurances, however, as to whether our estimates of future cash flows, particularly future vessel charter rates or vessel values, will be accurate. Vessels that currently are not considered impaired may become impaired over time if the future estimated undiscounted cash flows decline at a rate that is faster than the depreciation of our vessels.

A reduction in our net assets could result in a breach of certain financial covenants contained in our credit and lease facilities and our preferred shares, which could limit our ability to borrow additional funds under our credit and lease facilities or require us to repay outstanding amounts. Further, declining containership values could affect our ability to raise cash by limiting our ability to refinance vessels or use unencumbered vessels as collateral for new loans or result in prepayments under certain of our credit facilities. This could harm our business, results of operations and financial condition.

If time charter rates do not improve meaningfully from current market rates during the next three to six months, we expect that our average estimated daily time charter rate used in future impairment analyses will decline, resulting in reduced estimated undiscounted future net cash flows to an amount which is less than the carrying value of certain vessels up to 5000 TEUs in capacity. In accordance with our accounting policy, if this occurs we will be required to recognize a non-cash impairment charge equal to the excess of the impacted vessels carrying value over their fair value. Based on information available at June 30, 2016 about the fair value of vessels and the estimated future carrying value of such vessels, an estimate of such impairment charge would be in a range of between approximately $250 million to $290 million during fiscal 2016, commencing in the quarter ending September 30, 2016. The determination of the fair value of vessels will depend on various market factors, including charter and discount rates, ship operating costs and vessel trading values, and our reasonable assumptions at that time. The amount, if any, and timing of any impairment charges we may recognize in the future will depend upon then current and expected future charter rates and vessel values, which may differ materially from those used in our estimates at June 30, 2016.

A reduction in our net assets could result in a breach of certain financial covenants contained in our credit and lease facilities and our preferred shares, which could limit our ability to borrow additional funds under our credit and lease facilities or require us to repay outstanding amounts. In addition, declining containership values could affect our ability to raise cash by limiting our ability to refinance vessels or use unencumbered vessels as collateral for new loans. This could harm our business, results of operations and financial condition.

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, ballast water management and vessel recycling. 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 and financial condition.

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 and financial condition.

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 and financial condition.

Delays in deliveries of our newbuilding containerships could harm our business, results of operations and financial condition.

We are currently under contract to purchase nine newbuilding containerships, which are scheduled to be delivered at various times through October 2017. The delivery of these containerships, or any other containerships 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 containership time charter. The occurrence of any of such events could harm our business, results of operations and financial condition.

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The delivery of the containerships could be delayed because of:

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

In addition, each of the shipbuilding contracts for our newbuilding containerships 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 and financial condition.

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

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.

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 and financial condition 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 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 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 and financial condition.

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 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 and financial condition may 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 and financial condition.

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 and financial condition.

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:

renew existing charters upon their expiration;

- obtain new charters;
- successfully interact with shipyards;
- dispose of vessels on commercially acceptable terms;
- obtain financing on commercially acceptable terms;
- maintain satisfactory relationships with our customers and suppliers; or
- grow our business.

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

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 IPO in 2005, we have increased the size of our contracted fleet from 23 to 94 vessels. We have also agreed to provide technical management services to third and related parties, including GCI, and affiliates of Dennis R. Washington for vessels they may acquire. We currently manage GCI s fleet of 15 vessels. 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 a shortage of experienced labor exists 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 and financial condition 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 one of our directors, Graham Porter, and in which Mr. Wang has an indirect interest (or the Tiger Member), and GCI 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 GCI. 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 and financial condition may be harmed. Although Mr. Wang has an employment agreement with us which is scheduled to expire on May 31, 2021, unless earlier terminated, 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 and financial condition may be harmed by the loss of such services.

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GCI competes in our markets, and its operation in the containership market may harm our business, results of operations and financial condition.

Carlyle, which controls GCI, is a leading global alternative asset manager. GCI invests 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. GCI has become the owner of a significant fleet of containerships, which could compete with us for growth opportunities. Our business, results of operations and financial condition could be harmed to the extent GCI successfully competes against us for containership opportunities.

Our chief executive officer and one of our directors may be subject to increased conflict of interest situations relating to growth opportunities due to their dual capacities with us and GCI.

Our chief executive officer and co-chairman, Gerry Wang, is also an executive officer and director of GCI. Our director Graham Porter is also a director of GCI. Following the expiration on March 31, 2016 of our right of first refusal with GCI, conflicts of interest of Messrs. Wang and Porter relating to any potential containership acquisition and chartering opportunities may increase, particularly if they become aware of such opportunities while acting in their capacities as an officer or as directors of GCI. Any such conflicts could cause Messrs. Wang or Porter to decide to terminate their fiduciary roles with us or GCI, and may complicate our and GCI s claims to such opportunities.

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

One of our directors, Graham Porter, through his interest in the Tiger Member, is an indirect investor in GC Industrial, the member with the largest capital commitment in GCI. Blue Water Commerce, LLC, an affiliate of Dennis R. Washington, or the Washington Member, and our chief executive officer, Gerry Wang, have indirect interests in the Tiger Member. As a result, Messrs. Wang and Porter and the Washington Member will have indirect interests in incentive distributions received by GC Industrial from GCI. 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. Mr. Wang is the chairman of the board of managers of GCI. Messrs. Wang and Porter are members of GCI 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 GCI. Kyle R. Washington, co-chairman of our board of directors, is a non-voting member of GCI s transaction committee. In addition, affiliates of Messrs. Wang and Porter provide certain transactional and financing services to GCI, for which they receive compensation.

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

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, 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:

authorizing our board of directors to issue blank check preferred shares without shareholder approval;

- prohibiting cumulative voting in the election of directors;
- 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;
- prohibiting shareholder action by written consent unless the written consent is signed by all shareholders entitled to vote on the action;
- limiting the persons who may call special meetings of shareholders;
- 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
- restricting business combinations with interested shareholders.

These anti-takeover provisions 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 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.

Tax Risks

In addition to the following risk factors, you should read Business Taxation of the Company, Material United States Federal Income Tax Considerations and Non-United States Tax Considerations 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 the Series H 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 (a) at least 75%

of its gross income consists of passive income or (b) 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 United States Federal Income Tax Considerations U.S. Federal Income Taxation of U.S. Holders PFIC Status and Significant Tax Consequences.

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.

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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 continue, expects, anticipates, intends, plans, believes, estimates, projects, fore 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:

- future operating or financial results;
- future growth prospects;
- our business strategy and other plans and objectives for future operations;
- our expectations relating to dividend payments and our ability to make such payments;
- discussions regarding a potential transaction involving GCI, including a possible acquisition, and the completion or term of any such transaction;
- potential acquisitions, vessel financing arrangements and other investments, and our expected benefits from such transactions, including any acquisition opportunities and vessel financing arrangements;
- our expectations as to impairment of our vessels, including the timing and amount of currently anticipated impairments;
- the effects of grants of performance stock units and restricted stock units to our chief executive officer on our general and administrative expenses;
- operating expenses, availability of crew, number of off-hire days, dry-docking requirements and insurance costs;

general market conditions and shipping market trends, including charter rates and factors affecting supply and demand;

our financial condition and liquidity, including our ability to borrow funds under our credit facilities, to refinance our existing credit facilities and to obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities;

estimated future capital expenditures needed to preserve our capital base;

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;

our continued ability to maintain, enter into or renew primarily long-term, fixed-rate time charters with our existing customers or new customers, including our newbuilding containerships;

conditions in the public equity markets and the price of our shares;

our ability to leverage to our advantage our relationships and reputation in the containership industry;

changes in governmental rules and regulations or actions taken by regulatory authorities, and the effect on our business of governmental regulations;

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- 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;

- 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;

- taxation of our company and of distributions to our shareholders;

- our exemption from tax on our U.S. source international transportation income;

- potential liability from future litigation; and

- 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.

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USE OF PROCEEDS

We will receive net proceeds of approximately $ million (or $ million if the underwriters exercise in full their option to purchase additional Series H Preferred Shares), after deducting underwriting discounts and estimated offering expenses, from the issuance of the Series H Preferred Shares in this offering. We intend to use the net proceeds from this offering for general corporate purposes, which may include funding acquisitions (which may include equity interests in GCI or assets of GCI), funding capital expenditures on existing newbuild vessels and debt repayments.

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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.

	Six Months Ended June 30, 2016	Year Ended December 31, 2015	2014	2013	2012	2011
Ratio of earnings to fixed charges and preference dividends(1)	1.1	1.8	1.5	3.2	1.7	(2)
Dollar amount (in thousands) of deficiency in earnings to fixed charges and preference dividends						117,558

(1) 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 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;

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

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 H 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.

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CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and our capitalization as of June 30, 2016:

on an actual basis; and

on an as adjusted basis, to give effect to this offering and the application of the net proceeds therefrom. Please read Use of Proceeds.

The information in this table should be read in conjunction with the financial statements and the notes thereto incorporated by reference into this prospectus supplement.

	June 30, 2016	
	Actual	As Adjusted(1)
	(dollars in thousands)	
Cash and cash equivalents	$ 346,657	$
Long-term debt:		
Long-term debt (including current portion)	$ 3,290,802	$
Other long-term liabilities (including current portion)(2)	617,491	
Shareholders equity(3):		
Share capital		
Series D preferred shares, $0.01 par value; 20,000,000 shares authorized; 4,981,029 shares issued and outstanding		
Series E preferred shares, $0.01 par value; 15,000,000 shares authorized; 5,370,600 shares issued and outstanding		
Series F preferred shares, $0.01 par value; 20,000,000 shares authorized; 5,600,000 shares issued and outstanding		
Series G preferred shares, $0.01 par value; 15,000,000 shares authorized; 4,600,000 shares issued and outstanding		
Series H Preferred Shares offered hereby, $0.01 par value; 15,000,000 shares authorized; nil 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; 105,353,923 shares issued and outstanding(4)	1,259	
Treasury shares (Class A common shares)	(367)	
Additional paid-in capital	2,278,476	
Deficit	(521,404)	
Accumulated other comprehensive loss	(28,812)	
Total shareholders equity	1,729,152	
Total capitalization	$ 5,637,445	$

(1) As adjusted data reflects our issuance and sale of Series H Preferred Shares in this offering, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional Series H Preferred Shares in full and after making such related deductions, our as adjusted cash and cash equivalents, total shareholders equity and total capitalization would be approximately $ million, $ billion and $ billion, respectively.