Seaspan CORP
Form 424B5
September 12, 2018
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-224288

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 or a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated September 12, 2018

Prospectus Supplement

(To Prospectus dated May 8, 2018)

Shares

Seaspan Corporation

Series I Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares

(Liquidation Preference $25 Per Share)

We are offering of our Series I Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares, par value $0.01 per share, liquidation preference $25.00 per share (the **Series I Preferred Shares**).

Dividends on the Series I 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 I Preferred Shares offered hereby will be payable on October 30, 2018. Dividends will be payable out of amounts legally available therefor (i) from and including the original issue date to, but excluding, October 30, 2023 at a fixed rate equal to % per annum of the stated liquidation preference and (ii) from and including October 30, 2023 at a floating rate equal to three-month LIBOR plus a spread of % per annum of the stated liquidation preference.

At any time on or after October 30, 2023, the Series I 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 I Preferred Shares listed on The New York Stock Exchange (the **NYSE**). If the application is approved, we expect trading of the Series I Preferred Shares on the NYSE to begin within 30 days after their original issue date. Currently, there is no public market for the Series I Preferred Shares.

Investing in our Series I Preferred Shares involves a high degree of risk. Our Series I Preferred Shares have not been rated. Please read Risk Factors beginning on page S-19 of this prospectus supplement and page 5 of the accompanying base prospectus.

Neither the Securities and Exchange Commission (the SEC) 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[1]	$	$
Underwriting discount and commissions paid by us	$	$
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 I Preferred Shares, solely to cover over-allotments, if any. 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 I Preferred Shares is expected to be made in book entry form through the facilities of The Depository Trust Company on or about September , 2018, which is the fifth business day following the date of pricing of the Series I Preferred Shares (such settlement cycle being referred to as T+5). Purchasers of the Series I Preferred Shares should note that trading of the Series I Preferred Shares may be affected by this settlement date.

Joint Book-Running Managers

Morgan Stanley **J.P. Morgan** **RBC Capital Markets** **UBS Investment Bank** **Stifel** **Citigroup**

September , 2018

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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, or in any related free writing prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of the Series I 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, or that is contained in any related free writing prospectus, 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 I Preferred Shares, they refer specifically to Seaspan Corporation.

References to shipbuilders are as follows:

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

References to customers are as follows:

CUSTOMER	REFERENCE
ANL Singapore Pte. Ltd.(1)	ANL
APL Co. Pte. Ltd.(1)	APL
CMA CGM S.A.	CMA CGM
Cheng Lie Navigation Co., Ltd.(1)	CNC
China Shipping Container Lines (Asia) Co., Ltd.(2)(3)	CSCL Asia
Coheung Marine Shipping Co., Ltd.	Coheung
COSCO Shipping Lines Co., Ltd.(3)(4)	COSCON
COSCO (Cayman) Mercury Co., Ltd.(5)	COSCO Mercury
COSCO Shipping Lines (Europe) GmbH.(5)	COSCO Europe
New Golden Sea Shipping Pte. Ltd.(5)	COSCO New Golden Sea

Hapag-Lloyd AG	Hapag-Lloyd
Kawasaki Kisen Kaisha Ltd.[6]	K-Line
Maersk Line A/S[7]	Maersk
MSC Mediterranean Shipping Company S.A.	MSC
Mitsui O.S.K. Lines, Ltd.[6]	MOL
VASI Shipping Pte. Ltd.	VASI
Yang Ming Marine Transport Corp.	Yang Ming Marine

(1) A subsidiary of CMA CGM.
(2) A subsidiary of China Shipping Container Lines Co., Ltd., or CSCL.
(3) While we continue to charter our vessels to CSCL Asia and COSCON, CSCL Asia and COSCON merged their container shipping business in March 2016.
(4) A subsidiary of China COSCO Holdings Company Limited.
(5) A subsidiary of COSCON.
(6) On April 1, 2018, MOL, K-Line and Nippon Yusen Kabushiki Kaisha integrated their container shipping businesses under a new joint venture company, Ocean Network Express Pte. Ltd. (ONE).
(7) A subsidiary of A.P. Moller Maersk A/S.

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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 I 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-19 of this prospectus supplement and on page 5 of the accompanying base prospectus to determine whether an investment in our Series I 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 world s largest independent containership owner operator. The majority of the containerships in our fleet are chartered on long-term, fixed-rate time charters with major container liner companies. As of August 20, 2018, we operated a fleet of 112 containerships, which had an average age of approximately six years and an average size of approximately 8,100 TEU, on a TEU-weighted basis.

On March 13, 2018, we acquired the remaining 89.2% equity interest of Great China Intermodal Investments LLC (GCI) that we did not already own from affiliates of The Carlyle Group and the minority owners of GCI. We refer to this as the GCI Acquisition. Through the GCI Acquisition, we increased our fleet by 18 modern containerships, two of which are newbuild vessels which were delivered to us in May 2018. We managed each of the 16 operating vessels prior to the GCI Acquisition. We began to consolidate GCI s financial statements on March 13, 2018.

The vessels in our fleet that are deployed on long-term, fixed-rate time charters generate stable cash flows and high utilization rates that are typically associated with long-term time charters. A portion of our fleet is deployed on short-term, fixed-rate time charters that generate stable cash flows while chartered. We seek to enter into new time charters for our vessels immediately upon expiry of existing time charters, however the charter rates available are subject to change based on prevailing market conditions and there may be a period where a vessel is off-charter between expiry of an existing time charter and commencement of a new time charter. As such, vessels in our fleet deployed on short-term, fixed-rate time charters are subject to more variability in cash flows and are expected to have lower utilization rates than vessels deployed on long-term, fixed-rate time charters. As of August 20, 2018, the charters on the 112 vessels in our operating fleet had an average remaining term of approximately five years, on a TEU-weighted basis, excluding the effect of charterers options to extend certain time charters. As of June 30, 2018, we had an aggregate of approximately $5.3 billion of contracted future minimum revenue under existing fixed-rate time charters and interest income from direct financing leases.

We currently do not have contractual obligations to acquire any newbuild containerships.

Customers for our operating fleet as at August 20, 2018 were ANL, APL, Coheung, CMA CGM, CNC, CSCL Asia, COSCON, COSCO Mercury, COSCO Europe, COSCO New Golden Sea, Hapag-Lloyd, K-Line, Maersk, MSC, MOL, VASI and Yang Ming Marine.

Our Fleet

Our primary objective is to continue to grow our business through accretive acquisitions as market conditions allow. We are regularly evaluating potential growth opportunities, including in the broader maritime and industrial transportation sectors and other sectors.

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The following table indicates the number of owned and leased vessels in our fleet as of June 30, 2018:

	Six Months Ended June 30, 2018
Owned and leased vessels, beginning of year	89
Deliveries	7
Acquired[1]	16
Total Fleet, end of period	**112**
Total Capacity (TEU)	**905,900**

(1) Our acquisition of GCI on March 13, 2018 included 16 operating vessels and two vessels under construction, which were delivered in May 2018.

Market Opportunity

We believe we are well positioned to take advantage of current market opportunities and further enhance our industry leading position as competitive dynamics are constraining the growth potential of many of our competitors. We believe that there is an opportunity for charter owners with access to capital to acquire vessels at attractive prices and employ them in a manner that will generate attractive returns on capital and are expected to be accretive to cash flow. Furthermore, we believe that our strong customer relationships, continued focus on operational excellence, and efforts to enhance our financial strength and stability provide us with a strong platform to take advantage of consolidation opportunities in the fragmented containership owner-operator sector.

Our Competitive Strengths

Leading Independent Containership Lessor. We are the world s largest independent containership owner-operator with an estimated market share of 8% based on TEU. Our recent acquisition of GCI solidifies our industry leading position and highlights our strength and ability to achieve sustained growth and drive consolidation in the fragmented containership sector. We believe our scale enhances our service capabilities and value proposition to our customers and creates meaningful barriers to entry.

High-Quality Customer Portfolio Comprised of Leading Container Liner Companies. We have developed strong customer relationships focused on the world s leading container liner companies globally, including seven of the top eight players based on market share according to Alphaliner. Our vessels represent flagship assets for some of our customers, and our customers rely on us to fulfill a key component of their operating capacity. We employ a disciplined approach to customer selection and manage counterparty risk by primarily targeting customers with government ownership or broad institutional investor ownership.

Highly Visible Cash Flow with Focus on Long-Term Charters. We maintain long-term charters with high-quality customers on the majority of vessels in our fleet. As a result, we have high cash flow visibility with the majority of our current revenue protected from the volatility of spot rates and short-term charters. In addition, we are not exposed to changes in fuel cost, as all of our customers are responsible for the vessel s fuel expense while the vessels are on charter. As of June 30, 2018, we had an aggregate of approximately $5.3 billion of contracted future minimum revenue under existing fixed-rate time charters and interest income from direct financing leases.

Large, Modern Fleet Aligned to Key Trade Routes. Our operating fleet, ranging in size from 2500 TEU to 14000 TEU vessels, provides a comprehensive product offering to our customers capable of

serving major global trade lanes and certain regional lanes, and is subject to our high standards for design, construction quality and maintenance. As of August 20, 2018, we had 112 vessels in operation, which total to 905,900 TEU of capacity with an average size of approximately 8,100 TEU, on a TEU-weighted basis. Our operating fleet of 112 containerships has an average age of approximately six years, on a TEU-weighted basis, which is below the industry average of approximately nine years.

Integrated Operating Platform. We provide our customers with a full-scale, full-service operating lease solution. Our in-house design teams have extensive experience in overseeing new vessel construction, vessel conversions and marine engineering and maintenance. We are responsible for the day-to-day operation of the vessels, providing crew for vessels operating under time charters and overseeing the various aspects of fleet management with a shore-based management team. Our skilled and experienced employee base includes 3,900 seagoing staff on the vessels that we manage and approximately 200 staff that serve onshore.

Track Record of Operational Excellence and Efficiency. We are focused on operational excellence and continuous operational improvement, and seek ways to leverage the scale of our operations and generate an industry leading cost structure. We attribute the strength of our customer relationships in part to our consistent operational quality and customer-oriented service. Our technical management track record has resulted in high vessel utilization, with vessel available days of approximately 98% since our initial public offering in 2005.

Diverse and Experienced Management Team and Board of Directors. Members of our management team and board of directors bring substantial expertise from a variety of sectors and through several business cycles, which we believe provides a unique perspective when looking at new and existing opportunities. This includes meaningful expertise from within the shipping and ship finance industry, as well as aircraft leasing and power utilities, among others. Our board and management team have experience working with companies such as Berkshire Hathaway, the Washington Group of Companies, Fairfax Financial, BNP Paribas, Maersk, Neptune Orient Lines, APL Limited, Safmarine Container Lines, and Columbia Ship Management and provide expertise across commercial, technical, financial and other functional management areas of our business.

Our Business Strategies

Operational Excellence. We continue to define our operational excellence by providing quality service that is reliable, flexible and value added. We are focused on maintaining top quartile operating ratios in order to meet or exceed the expectations of our customers. In addition, we will seek ways to leverage the scale of our operations to generate cost savings and maintain an industry leading cost structure.

Strengthen Customer Relationships. We have extensive relationships with our customers, the industry leading liners, at various levels across our organizations. We remain in constant dialogue with existing and potential customers in order to provide services that are aligned with their needs and goals. By remaining focused on operational excellence and delivering quality service that is aligned with our customer s needs, we intend to strengthen our customer partnerships over time.

Actively Pursue Growth Opportunities. We have increased, and intend to further grow, the size of our business over time through acquisitions. We are regularly evaluating potential growth opportunities, including in the broader maritime and industrial transportation sectors and other sectors, and remain disciplined in evaluating these opportunities to ensure they meet our economic return criteria and are aligned with our strategic goals. We remain focused on acquisitions within the containership sector,

which remains fragmented, and provides the greatest synergies to our existing relationships and capital base. We are concurrently evaluating opportunities outside of containerships and remaining disciplined with our investment criteria, which is focused on generating long-term returns to shareholders.

Enhance Financial Strength and Stability. Due to the capital intensive nature of our business, maintaining and enhancing the strength and stability of our balance sheet is of critical importance to us. Over time, we have been successful in accessing diverse sources of capital globally, and we intend to maintain access to existing sources and seek new sources of capital. We intend to enhance our financial strength and stability over time by maintaining a disciplined focus on capital allocation and on reducing leverage from current levels. We believe this focus will enhance the Company s credit quality and improve our cost of capital over time.

Capital Allocation. We believe that we will create long-term value through disciplined capital allocation. To this end, we have developed internal processes to thoughtfully source, screen, analyze and execute on prospective investments which meet our return thresholds. While we remain focused on the containership owner-operator sector, a breadth of opportunities in the broader maritime and industrial transportation sectors and other sectors will aid our ability to source accretive transactions across economic cycles.

Recent Developments

Fairfax Investments

On July 16, 2018, Fairfax Financial Holdings Limited and certain of its affiliates (Fairfax), exercised 38,461,539 warrants at an exercise price of $6.50 per share, resulting in us receiving $250.0 million in proceeds. We also issued Fairfax warrants to acquire 25,000,000 Class A common shares at an exercise price of $8.05 per share and amended the terms of the 5.50% senior notes due 2025 (the Fairfax Notes) issued in February 2018 and the 5.50% senior notes due 2026 (the 2026 Notes) expected to be issued in January 2019 to allow Fairfax to call for an early redemption of some or all of such notes on each anniversary date of issuance, subject to submitting an annual put right notice commencing 150 days and ending 120 days prior to each applicable anniversary date. In addition, Fairfax agreed that in January 2019, it will immediately exercise, for an aggregate exercise price of $250.0 million, all of the warrants that are expected to be issued to Fairfax in connection with the expected closing of the issuance of an $250.0 million aggregate principal amount of the 2026 Notes, subject to customary closing conditions. For more information about the Fairfax investments, please read our Report on Form 6-K furnished to the SEC on July 16, 2018, which is incorporated by reference into this prospectus supplement.

Fairfax, including shares owned by V. Prem Watsa (the chairman and chief executive officer of Fairfax Financial Holdings Limited) that he acquired in the open market, owned 22% of our outstanding common shares as of August 3, 2018. If the 25,000,000 warrants that were issued to Fairfax in July 2018 and the 38,461,539 warrants to be issued to Fairfax in January 2019 were outstanding and exercised in full, as of June 30, 2018, Fairfax s shareholdings, including shares owned by V. Prem Watsa, would have represented approximately 42.9% of our outstanding common shares on such date after taking into account the issuance of the shares to Fairfax.

Redemption of Series F Preferred Shares

On July 23, 2018, we redeemed all of our outstanding 10.5% Series F preferred shares for $140.0 million plus $3.4 million of accrued dividends.

Revolving Credit Agreement

On August 30, 2018, we entered into a revolving credit agreement by and among the Company, the guarantors party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A. and Citibank, N.A. as joint bookrunners and joint lead arrangers and JPMorgan Chase Bank, N.A. as administrative agent and facility agent (the Credit Agreement), which provides for borrowings of up to $150,000,000 under a revolving credit facility (the Revolving Credit Facility). The availability of the Revolving Credit Facility is subject to customary conditions and the proceeds of it will be used towards general corporate purposes of the Company, including the financing of permitted acquisitions and any pre-delivery payments for vessels under construction. The Credit Agreement requires the Company (and, in some cases, its subsidiaries) to comply with certain affirmative and negative covenants (including certain financial ratios). The amounts borrowed under the Revolving Credit Facility must be repaid in full on August 31, 2020. As of the date of this offering, the Revolving Credit Facility remains undrawn.

Risks Related to Our Business

Our business is subject to numerous risks, as highlighted in the section entitled Risk Factors immediately following this prospectus summary. Some of these factors include:

- Our working capital deficiency indicates that a material uncertainty exists that casts substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern and repay our liabilities is dependent on our ability to generate profitable business operations in the future and/or obtain financing to meet our obligations, including financing through previously disclosed investments by Fairfax and in the capital markets to the extent available.

- We have identified a material weakness in our internal controls over financial reporting relating to the timely recording of dividends declared and approved by our board of directors. Although management has already initiated compensating controls, is assessing the root cause and will be enhancing and revising the design of existing controls and procedures, there can be no assurance that management will be able to remediate the material weakness in a timely manner.

- 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 industry, credit markets or other negative developments.

- 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.

- We may not be able to timely repay or be able to refinance amounts incurred under our credit facilities, capital and operating lease arrangements, and our 6.375% senior unsecured notes due 2019, our 7.125% senior unsecured notes due 2027 and the Fairfax Notes (collectively, our notes).

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

Over time, containership values and charter rates may fluctuate substantially, which could adversely affect our results of operations, our ability to access or raise capital or our ability to pay interest or principal on our notes or dividends on our shares.

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

We may be required to make substantial capital expenditures to maintain the operational capacity of our existing vessels or complete the acquisition of future vessels or businesses, which may harm our business, results of operations, financial condition, ability to pay dividends on our shares or redeem our preferred shares, or result in increased financial leverage or dilution of our equity holders interests.

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.

We may be unable to make or realize expected benefits from acquisitions or investments, and implementing our growth strategy through acquisitions of businesses and second-hand or newbuild assets may harm our business, results of operation, financial condition and ability to pay dividends on our shares or redeem our preferred shares.

A significant number of our vessels are chartered to Chinese customers and certain 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.

A decrease in the level of 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.

Under the 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.

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

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

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

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

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, any prospectus supplement and the documents incorporated by reference herein or therein when making a decision whether to invest in our Series I Preferred Shares.

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THE OFFERING

Issuer	Seaspan Corporation
Securities Offered	of our Series I Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares, par value $0.01 per share, liquidation preference $25.00 per share, plus an additional Series I Preferred Shares if the underwriters exercise in full their option to purchase additional Series I Preferred Shares to cover over-allotments. For a detailed description of the Series I Preferred Shares, please read Description of Series I Preferred Shares.
Price per Series I Preferred Share	$
Conversion; Exchange and Preemptive Rights	The Series I Preferred Shares will not have any conversion or exchange rights and will not be entitled to preemptive rights.
Dividends	Dividends on the Series I Preferred Shares will accrue and be cumulative from the date that the Series I 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, 2018 (each, a Dividend Payment Date).
Dividend Rate	From and including the original issue date to, but excluding, October 30, 2023 (the fixed rate period), the dividend rate for the Series I Preferred Shares will be % per annum per $25.00 of liquidation preference per share (equal to $ per annum per share). From and including October 30, 2023 (the floating rate period), the dividend rate will be a floating rate equal to three-month LIBOR plus a spread of % per annum per $25.00 of liquidation preference per share.
Dividend Calculations	Dividends payable on the Series I Preferred Shares for any dividend period during the fixed rate period will be calculated based on a 360-day year consisting of twelve 30-day months. Dividends payable on the Series I Preferred Shares for any dividend period during the floating rate period will be calculated based on a 360-day year and the number of days actually elapsed during the applicable dividend period.
Ranking	The Series I 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 I 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 I Preferred Shares that is not expressly made senior to, or on parity with, the Series I Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (such junior capital stock being referred to as Junior Securities);

pari passu with our existing Series D, Series E, Series G and Series H preferred shares and any other class or series of capital stock established after the original issue date of the Series I Preferred Shares that is not expressly subordinated or senior to the Series I Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (such *pari passu* capital stock being referred to as Parity Securities); and

junior to all of our indebtedness and other liabilities with respect to assets available to satisfy claims against us and each class or series of capital stock expressly made senior to the Series I 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 I Preferred Shares and any Parity Securities 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 I 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 I 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 I Preferred Shares and any Parity Securities 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 I Preferred Shares and any Parity Securities are paid, any partial payment will be made *pro rata* with respect to the Series I 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. Holders of the Series I

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 October 30, 2023 we may redeem, in whole or in part, the Series I 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 I Preferred Shares generally have no voting rights. However, if and whenever dividends payable on the Series I Preferred Shares are in arrears for six or more quarterly periods, whether or not consecutive, holders of the Series I 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, Series G and Series H 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 I Preferred Shares voted as a class for the election of such director). The right of such holders of Series I 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 I 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 I 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 I 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 I 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 G and Series H preferred shares), we may not (a) issue any Parity Securities if the cumulative dividends payable on outstanding Series I 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 I 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 I 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 I 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 shares or any other Junior Securities.
Sinking Fund	The Series I 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 I 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, debt repayments and redeeming certain of our existing preferred shares. 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 I Preferred Shares on The New York Stock Exchange, or the NYSE. If the application is approved, trading of the Series I Preferred Shares on the NYSE is expected to begin within 30 days after the original issue date of the Series I Preferred Shares. The underwriters have advised us that they intend to make a market in the Series I Preferred Shares prior to commencement of any trading on the NYSE. However, the underwriters will have no obligation to do so, and no assurance can be given that a market for the Series I Preferred Shares will develop prior to commencement of trading on the 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 I 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 I Preferred Shares and, thereafter, as capital gain. In addition, there are other tax matters you should consider before investing in the Series I Preferred Shares, including our tax status as a non-U.S. issuer. Please read Material United States Federal Income Tax Considerations and Material Non-United States Tax Considerations.

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Form The Series I 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 I Preferred Shares offered hereby will be made against payment therefor on or about September , 2018, which is the fifth business day following the date of pricing of the Series I Preferred Shares. Pursuant to Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Series I Preferred Shares prior to the delivery hereunder will be required, by virtue of the fact that the Series I Preferred Shares initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Series I Preferred Shares who wish to make such trades should consult their own advisor.

Risk Factors An investment in our Series I 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-19 of this prospectus supplement and on page 5 of the accompanying base prospectus to determine whether an investment in our Series I 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 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 SEC on March 10, 2016.

The historical consolidated financial data as at December 31, 2016 and 2017 and for the years ended December 31, 2015, 2016 and 2017 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, 2017, filed with the SEC on March 6, 2018 (our 2017 Annual Report).

The historical consolidated financial data as at and for the three and six months ended June 30, 2017 and 2018 is derived from our unaudited interim consolidated financial statements and the notes thereto, which are contained in our Reports on Form 6-K furnished to the SEC on August 1, 2017 and August 6, 2018, respectively.

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,	
	2015	**2016**	**2017**	**2017**	**2018**
Statements of operations data (in thousands of dollars):					
Revenue	$ 819,024	$ 877,905	$ 831,324	$ 405,930	$ 506,438
Operating expenses:					
Ship operating	193,836	192,327	183,916	90,430	108,315
Cost of services, supervision fees	1,950	7,390	1,300		
Depreciation and amortization	204,862	216,098	199,938	99,744	116,032
General and administrative	27,338	32,118	40,091	14,975	16,346
Operating leases	40,270	85,910	115,544	54,658	63,523
Loss (gain) on disposals		31,876	(13,604)		
Expenses related to customer bankruptcy		19,732	1,103	1,013	
Vessel impairments		285,195			
Operating earnings	350,768	7,259	303,126	145,110	202,222
Other expenses (income):					
	108,693	119,882	116,389	56,729	96,247

Interest expense and amortization of deferred financing fees					
Interest income	(11,026)	(8,455)	(4,558)	(2,365)	(1,765)
Undrawn credit facility fees	3,100	2,673	2,173	1,265	295
Acquisition-related gain on contract settlement					(2,430)

	Year Ended December 31,			Six Months Ended June 30,	
	2015	2016	2017	2017	2018
Refinancing expenses	5,770	1,962			
Change in fair value of financial instruments[1]	54,576	29,118	12,631	17,027	(25,249)
Equity income on investment	(5,107)	(188)	(5,835)	(2,529)	(1,216)
Other (income) expenses	(4,629)	1,306	7,089	6,676	611
Net earnings (loss)	$ 199,391	$ (139,039)	$ 175,237	$ 68,307	$ 135,729
Earnings (loss) per share:					
Class A common share, basic	$ 1.46	$ (1.89)	$ 0.94	$ 0.33	$ 0.73
Class A common share, diluted	1.46	(1.89)	0.94	0.33	0.71
Statements of cash flows data (in thousands of dollars):					
Cash from (used in):					
Operating activities	$ 335,872	$ 311,087	$ 323,219	$ 139,217	$ 182,752
Financing activities	394,527	106,907	(154,087)	(119,366)	397,629
Investing activities[2]	(716,634)	(265,412)	(283,856)	(76,361)	(564,485)
Selected balance sheet data (in thousands of dollars):					
Cash and cash equivalents	$ 215,520	$ 367,901	$ 253,176	$ 305,592	$ 269,070
Current assets	540,163	510,109	381,405	402,108	373,169
Vessels[3]	5,278,348	4,883,849	4,537,216	4,777,414	6,037,798
Total assets	6,073,819	5,657,829	5,878,142	5,457,802	7,553,547
Long-term debt	3,357,841	2,884,514	2,450,633	2,659,816	3,845,742
Share capital	1,223	1,385	1,646	1,507	1,702
Total shareholders equity	1,776,183	1,747,249	1,949,432	1,809,751	2,091,403
Other data:					
Number of vessels in operation at period end	85	87	89	89	112
TEU capacity at period end	578,300	620,650	665,900	638,900	905,900
Fleet utilization rate[4]	98.5%	96.0%	95.7%	95.0%	97.8%

(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) Prior to the adoption of Accounting Standards Update 2016-18, Statement of Cash Flows (Topic 320): Restricted Cash, or ASU 2016-18, restricted cash was presented as an investing activity in our consolidated statement of cash flows. With the adoption of ASU 2016-18, on January 1, 2018, we exclude restricted cash as an investing activity on the consolidated statement of cash flows. As a result of adopting ASU 2016-18, cash used in investing activities decreased by nil (December 31, 2015), decreased by $201,000 (December 31, 2016), and decreased by $1,000 (December 31, 2017) from the amounts previously presented.

(3) Vessel amounts include the net book value of vessels in operation and vessels under construction.

(4) Fleet utilization is based on number of operating days divided by the number of ownership days during the period.

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SUMMARY SELECTED UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

On March 13, 2018, we acquired the remaining 89.2% equity interest of GCI that we did not already own from affiliates of The Carlyle Group and the minority owners of GCI for total purchase consideration equal to $498.1 million, including settlement of intercompany balances, carrying value of previously held equity interest and transaction fees. The purchase price consisted of cash, our Series D preferred shares and our Class A common shares.

The following unaudited pro forma condensed consolidated statements of operations and accompanying notes (Pro Forma Financial Statements) are based on our and GCI s historical consolidated financial statements as adjusted to give effect to our acquisition of GCI. The Pro Forma Financial Statements for the six months ended June 30, 2018 and the year ended December 31, 2017 are presented as if the acquisition had occurred on January 1, 2017. The Pro Forma Financial Statements are derived from and should be read together with Exhibit 99.2 to our Report on Form 6-K furnished to the SEC on May 11, 2018 and Exhibit 99.1 to our Report on Form 6-K furnished to the SEC on September 12, 2018. The Pro Forma Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America, and should be read together with our audited consolidated financial statements contained in our Annual Report on Form 20-F for the year ended December 31, 2017, GCI s audited consolidated financial statements for the year ended December 31, 2017 included as Exhibit 99.1 to our Report on Form 6-K furnished to the SEC on May 11, 2018, and our unaudited interim consolidated financial statements for the six months ended June 30, 2018 contained in our Report on Form 6-K furnished to the SEC on August 6, 2018.

The acquisition of GCI by us was accounted for as an asset acquisition and the tangible assets and identifiable intangible assets acquired and liabilities assumed were recorded on a relative fair value basis. The purchase price adjustments reflected in the following Pro Forma Financial Statements and set forth in the footnotes have been made solely for the purpose of preparing these Pro Forma Financial Statements. In preparing these Pro Forma Financial Statements, no adjustments have been made to reflect the operating synergies that may result from consolidating the operations of us and GCI.

The Pro Forma Financial Statements are not necessarily indicative of the results that would have actually been achieved if the acquisition of GCI had been completed on the date indicated. They also may not be useful in predicting the future financial condition and results of operations of the consolidated company. The actual results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

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For the six months ended June 30, 2018:

	Six Months ended June 30, 2018	January 1, 2018 to March 13, 2018	Pro Forma		Pro Forma
	Seaspan	GCI	Adjustments		Consolidated
Statements of operations data (in thousands of dollars, except share and per share data):					
Revenue	$ 506,438	$ 39,534	$ (1,432)	(a)(b)(c)	$ 544,540
Operating expenses:					
Ship operating	108,315	8,312	(864)	(a)	115,763
Depreciation and amortization	116,032	10,230	(1,212)	(d)(e)	125,050
General and administrative	16,346	13,993	(12,992)	(f)	17,347
Operating leases	63,523				63,523
	304,216	32,535	(15,068)		321,683
Operating earnings	202,222	6,999	13,636		222,857
Other expenses (income)					
Interest expense and amortization of deferred financing fees	96,247	10,860	3,351	(g)(h)(i)	110,458
Interest income	(1,765)		427	(a)	(1,338)
Undrawn credit facility fees	295				295
Change in fair value of financial instruments	(25,249)	(1,501)			(26,750)
Acquisition-related gain on contract settlement	(2,430)		2,430	(j)	
Equity income on investment	(1,216)		1,216	(k)	
Other expenses	611	(5)			606
	66,493	9,354	7,424		83,271
Net earnings	$ 135,729	$ (2,355)	$ 6,212		$ 139,586
Earnings per share					
Basic	$ 0.73				$ 0.75
Diluted	$ 0.71				$ 0.72
Weighted average shares (in 000s)					
Basic	135,664		986	(m)	136,650
Diluted	140,127		1,812	(m)	141,939

For the year ended December 31, 2017:

	Seaspan	GCI	Pro Forma Adjustments		Pro Forma Consolidated
Statements of operations data (in thousands of dollars, except share and per share data):					
Revenue	$ 831,324	$ 188,355	$ (8,619)	(a)(b)(c)	$ 1,011,060
Operating expenses:					
Ship operating	183,916	35,699	(4,447)	(a)	215,168
Cost of services, supervision fees	1,300		(1,300)	(a)	
Depreciation and amortization	199,938	48,952	(6,169)	(d)(e)	242,721
General and administrative	40,091	3,196			43,287
Operating leases	115,544				115,544
Gain on disposals	(13,604)				(13,604)
Expenses related to customer bankruptcy	1,013	351			1,364
	528,198	88,198	(11,916)		604,480
Operating earnings	303,126	100,157	3,297		406,580
Other expenses (income)					
Interest expense and amortization of deferred financing fees	116,389	48,073	23,958	(g)(h)(i)	188,420
Interest income	(4,558)		2,677	(a)	(1,881)
Undrawn credit facility fees	2,173				2,173
Refinancing expenses		587			587
Change in fair value of financial instruments	12,631	(169)			12,462
Equity income on investment	(5,835)		5,835	(k)	
Other expenses	7,089				7,089
	127,889	48,491	32,470		208,850
Net earnings before income taxes	175,237	51,666	(29,173)		197,730
Income tax expense		417	(367)	(l)	50
Net earnings	$ 175,237	$ 51,249	$ (28,806)		$ 197,680
Earnings per share					
Basic	$ 0.94				$ 1.06
Diluted	$ 0.94				$ 1.04
Weighted average shares (in 000s)					
Basic	117,524		2,515	(m)	120,039
Diluted	117,605		5,142	(m)	122,747

(a) Reflects adjustments to eliminate intercompany accounts between us and GCI as follows:

	January 1, 2018 March 13, 2018	Year ended December 31, 2017
Ship management revenue	$ 864	$ 4,447
Construction fee revenue		1,300
Interest income	427	2,677

(b) Reflects the amortization of intangible assets and liabilities related to the acquired time charters of $0.9 million (year ended December 31, 2017 $4.6 million) which is recorded as a reduction of revenue. The fair value of intangible assets and liabilities related to time charters is amortized on a straight-line basis

over the remaining term of the time charters ranging from one to nine years. Amortization commences upon commencement of the related time charter.

(c) Reflects the elimination of amortization of other assets of $0.4 million (year ended December 31, 2017 $1.7 million) which is recorded as an increase in revenue as GCI s other assets were assigned a fair value of nil. In GCI s historical financial statements the amortization of other assets was recorded as a decrease in revenue.

(d) Reflects the reduction in depreciation expense of the acquired vessels of $1.4 million (year ended December 31, 2017 $6.8 million). The adjustment of vessel carrying value to fair market value of $217.8 million is depreciated on a straight-line basis over the remaining useful life of each vessel ranging between 26 to 30 years. Depreciation commences upon delivery of the related vessel.

(e) Reflects an increase in depreciation expense of $0.2 million (year ended December 31, 2017 $0.7 million) to adjust salvage values used in the calculation of depreciation to conform with our policy.

(f) Represents the payment of transaction costs of GCI of $13.0 million (year ended December 31, 2017 nil), all of which were paid in cash on closing and that are non-recurring transaction costs directly related to the GCI Acquisition.

(g) Reflects an increase in interest expense of $0.1 million (year ended December 31, 2017 $0.6 million) related to the amortization of the fair value adjustment of $2.8 million to long-term debt.

(h) Reflects an increase in interest expense and amortization of deferred financing fees of $4.0 million (year ended December 31, 2017 $27.2 million) to reflect the interest expense and amortization of deferred financing fees associated with the following debt and warrants to finance the GCI Acquisition:

  i. The issuance to Fairfax, in a private placement, of $250.0 million aggregate principal amount of Fairfax Notes and warrants (Fairfax Warrants) to purchase 38,461,539 of our Class A common shares for an aggregate issue price of $250.0 million.

  ii. The secured term loan facility for $100.0 million which bears interest at LIBOR plus a margin.

(i) Reflects the elimination of amortization of deferred financing fees of $0.7 million (year ended December 31, 2017 $3.8 million) as GCI s deferred financing fees were assigned a fair value of nil.

(j) Reflects the acquisition-related gain on an intercompany contract settlement that is a non-recurring transaction that is directly related to the GCI Acquisition.

(k) Reflects the elimination of our equity income on investment in GCI.

(l) Reflects the elimination of certain of GCI s tax expense to conform with our tax status.

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(m) Earnings per share:

	Six Months ended June 30, 2018			Year ended December 31, 2017		
	Earnings (Numerator)	Shares (denominator)	Per Share Amount	Earnings (Numerator)	Shares (denominator)	Per Share Amount
Net earnings	$ 139,586			$ 197,680		
Less:						
Preferred share dividends	(36,568)			(64,476)		
Additional preferred share dividends related to Series D preferred shares considered outstanding from January 1, 2017				(3,948)		
Additional accretion of puttable preferred shares	(464)			(1,884)		
Basic EPS:						
Earnings attributable to common shareholders	$ 102,554	136,650,310	$ 0.75	$ 127,372	120,038,996	$ 1.06
Effect of dilutive securities:						
Share-based compensation		301,000			81,400	
Fairfax Warrants considered outstanding from January 1, 2017		4,987,553			2,626,399	
Diluted EPS:						
Earnings attributable to common shareholders	$ 102,554	141,938,863	$ 0.72	$ 127,372	122,746,795	$ 1.04

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RISK FACTORS

Any investment in our Series I 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 herein, including the risks discussed under the caption Risk Factors in our 2017 Annual Report and any subsequent updates described in our Reports on Form 6-K, before making an investment in our Series I 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 I 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 I Preferred Shares

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

Although dividends on the Series I 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 I 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 I Preferred Shares. The amount of dividends we can pay or the amount we can use to redeem Series I 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 any future 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, including but not limited to capital expenditures to comply with such regulations and standards;

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 or obligations 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, and our ability to receive funds under existing subscription agreements and the ability of our counterparties to perform their obligations under those agreements.

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

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

- restrictions under our existing or future credit and lease facilities or our existing or future debt securities, including existing restrictions 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 earnings 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 earnings.

The Series I Preferred Shares represent perpetual equity interests.

The Series I 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 I Preferred Shares may be required to bear the financial risks of an investment in the Series I Preferred Shares for an indefinite period of time. In addition, the Series I 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 I 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 I Preferred Shares will increase your reliance on the secondary market for liquidity purposes.

The Series I 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 I Preferred Shares on the NYSE, but there can be no assurance that the NYSE will accept the Series I Preferred Shares for listing. Even if the Series I Preferred Shares are approved for listing by the NYSE, an active trading market on the NYSE for the shares may not develop or, even if it develops, may not last, in which case the trading price of the shares of Series I Preferred Shares could be adversely affected and your ability to transfer your shares will be

limited. If an active trading market does develop on the NYSE, our Series I Preferred Shares may trade at prices lower than the offering price. The trading price of our Series I 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 I Preferred Shares have not been rated, and ratings of any other of our securities may affect the trading price of the Series I Preferred Shares.

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

The historical levels of three-month LIBOR are not an indication of the future levels of three-month LIBOR.

From and including October 30, 2023 the dividend rate for the Series I Preferred Shares will be determined based on three-month LIBOR. In the past, the level of three-month LIBOR has experienced significant fluctuations. Historical levels, fluctuations and trends of three-month LIBOR are not necessarily indicative of future levels. Any historical upward or downward trend in three-month LIBOR is not an indication that three-month LIBOR is more or less likely to increase or decrease at any time during the floating rate period, and you should not take the historical levels of three-month LIBOR as an indication of its future performance.

Although the actual three-month LIBOR on a Dividend Payment Date or at other times during a Dividend Period (as defined herein) may be higher than the three-month LIBOR on the applicable Dividend Determination Date (as defined herein), you will not benefit from the three-month LIBOR at any time other than on the Dividend Determination Date for such Dividend Period. As a result, changes in the three-month LIBOR may not result in a

comparable change in the market value of the Series I Preferred Shares on or after October 30, 2023.

Increased regulatory oversight, uncertainty relating to the LIBOR calculation process and potential phasing out of LIBOR after 2021 may adversely affect the value of and return on the Series I Preferred Shares. LIBOR is the subject of recent national and international regulatory guidance and proposals for reform.

Regulators and law enforcement agencies in the United Kingdom and elsewhere are conducting civil and criminal investigations into whether the banks that contribute to the British Bankers Association (the BBA) in connection with the calculation of daily LIBOR may have been under-reporting or otherwise

manipulating or attempting to manipulate LIBOR. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to this alleged manipulation of LIBOR.

On July 27, 2017, the United Kingdom Financial Conduct Authority (FCA), which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021 (FCA Announcement). The FCA Announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict the effect of the FCA Announcement, any changes in the methods pursuant to which LIBOR rates are determined and any other reforms to LIBOR that will be enacted in the United Kingdom and elsewhere, which may adversely affect the trading market for LIBOR based securities, including the Series I Preferred Shares, or result in the phasing out of LIBOR as a reference rate for securities. In addition, any changes announced by the FCA, including the FCA Announcement, the ICE Benchmark Administration Limited (the independent administrator of LIBOR) or any other successor governance or oversight body, or future changes adopted by such body, in the method pursuant to which LIBOR rates are determined may result in a sudden or prolonged increase or decrease in reported LIBOR rates. If that were to occur, the level of dividends during the floating rate period would be affected and the value of the Series I Preferred Shares may be materially affected.

Further, if a three-month LIBOR rate is not available on the Dividend Determination Date, the terms of the Series I Preferred Shares will require alternative determination procedures which may result in a dividend rate differing from expectations and could materially affect the value of the Series I Preferred Shares. If a three-month LIBOR rate is unavailable, the dividend rate on the Series I Preferred Shares will be determined as set forth under Description of Series I Preferred Shares Dividend Rate.

Our Series I 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 I Preferred Shares, and by other transactions.

Our Series I Preferred Shares will be subordinate to all of our existing and future long-term debt and lease obligations. As of June 30, 2018, we had outstanding debt and lease obligations of approximately $4.6 billion. In addition to the Series I Preferred Shares and the Second Fairfax Investment (as defined below), we have been actively pursuing other sources of financing, including debt financing. Our existing debt restricts, and our future long-term debt may include restrictions on, our ability to pay dividends to preferred shareholders. Our articles of incorporation currently authorize the issuance of up to 150 million preferred shares in one or more classes or series. The issuance of additional preferred shares on a parity with or senior to our Series I Preferred Shares would dilute the interests of the holders of our Series I Preferred Shares, and any issuance of preferred shares senior to or on a parity with our Series I 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 I Preferred Shares. No provisions relating to our Series I Preferred Shares protect the holders of our Series I 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 I Preferred Shares.

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

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

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

The Series I Preferred Shares are redeemable at our option.

We may, at our option, redeem some or all of the Series I Preferred Shares on or after October 30, 2023, to the extent we have funds legally available for such purpose. If we redeem your Series I 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 I 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 I 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 I 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 I Preferred Shares you will have extremely limited voting rights.

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

Our ability to pay dividends on and to redeem our Series I 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 I Preferred Shares only to the extent that assets are legally available for such purposes. Legally available assets generally are limited

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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 I 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

The financial statements incorporated by reference in this prospectus have been prepared assuming that we will continue as a going concern.

The financial statements incorporated by reference in this prospectus have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations. As of June 30, 2018, we had a working capital deficiency of $532.6 million which includes $337.9 million of senior unsecured notes maturing in April 2019. The working capital deficiency may increase in future periods because of the reclassification of the Fairfax Notes from long-term liabilities to current liabilities as a result of the put right in the Fairfax Notes that is described in the notes to our consolidated financial statements for the three and six months ended June 30, 2018. Upon funding of the 2026 Notes expected in January 2019 (subject to customary closing conditions), the 2026 Notes will also be classified as a current liability. Our working capital deficiency indicates that a material uncertainty exists that casts substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern and repay our liabilities is dependent on our ability to generate profitable business operations in the future and/or obtain financing to meet our obligations, including financing through previously disclosed investments by Fairfax and in the capital markets to the extent available.

We have identified a material weakness in our internal controls over financial reporting and cannot assure you that management will be able to remediate the material weakness in a timely manner.

During the preparation of the interim financial statements for the quarter ended June 30, 2018, the Company s management identified a material weakness in our internal controls over financial reporting relating to the timely recording of dividends declared and approved by our board of directors, which resulted in a $35.6 million understatement of current liabilities and deficit in our earnings press release dated August 1, 2018. For additional information, please read Part I Financial Information Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations Controls and Procedures in our Report on Form 6-K furnished to the SEC on August 6, 2018.

Although management has already initiated compensating controls, is assessing the root cause and will be enhancing and revising the design of existing controls and procedures related to dividend transactions, there can be no assurance that management will be able to remediate the material weakness in a timely manner, which could adversely affect our business and the timeliness and accuracy of our financial reporting. Material weaknesses in internal controls over financial reporting could also cause investors to lose confidence in our publicly reported consolidated financial statements, which could have an adverse effect on the trading price of our securities and our ability to raise capital.

The business and activity levels of many of our customers, shipyards 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 industry, credit markets or other negative developments.

Our current vessels are primarily chartered to customers under long-term time charters and payments to us under those charters account for the majority of our revenue. Many of our customers finance their activities through cash flow

from operations, the incurrence of debt or the issuance of equity. An over-supply of containership capacity and historically low freight rates resulted in many liner companies (including some of our

customers) incurring losses in 2016. During the financial and economic crises, commencing in 2007 and 2008, 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 low freight rates, a reduction in borrowing bases under reserve-based credit facilities and the limited or lack of availability of debt or equity financing potentially reduces the ability of our customers to make charter payments to us. Any recurrence of significant financial and economic disruption, or any other negative developments affecting our customers generally or specifically (such as the bankruptcy of a customer, decline in global trade, industry over-capacity of containerships, low freight rates, asset write-downs and incurring losses) 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, and may in the future contract 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 future 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 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 may 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, 2018, the number of vessels in our operating fleet that were chartered to our then 16 customers and the percentage of our total revenue attributable to the charters with such customers for the six months ended June 30, 2018:

CUSTOMER	NUMBER OF VESSELS IN OUR OPERATING FLEET CHARTERED TO SUCH CUSTOMER	PERCENTAGE OF TOTAL REVENUE FOR THE SIX MONTHS ENDED JUNE 30, 2018
COSCON[(1)(2)]	28	32.9%
CSCL Asia[(1)]	10	7.0%
Yang Ming Marine	16	20.9%
MOL[(3)]	14	15.0%
K-Line[(3)]	7	7.5%
Maersk	7	5.2%
Other	30	11.5%
	112	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 COSCON, COSCO Mercury, COSCO Europe and COSCO New Golden Sea.
(3) On April 1, 2018, MOL, K-Line and Nippon Yusen Kabushiki Kaisha integrated their container shipping businesses under a new joint venture company, Ocean Network Express Pte. Ltd.

The majority of our vessels are chartered under long-term time charters, and customer payments are our primary source of operating cash flow. As the long-term charters terminate, an increasing number of our vessels have been fixed on short-term charters at prevailing spot market rates, which are substantially lower than the rates on our existing long-term charters. In addition, as liner companies (including our existing customers) consolidate through merger, joint ventures or alliances, our risk relative to the concentration of our customers

may increase and they may also seek to renegotiate the rates payable for the remaining terms of their charters. The loss of any of these long-term charters, the increase in number of vessel on short-term 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 (including bankruptcy), 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 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.

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.

Most of our vessel financing credit facilities and capital lease facilities, 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.

We may not be able to timely repay or be able to refinance amounts incurred under our credit facilities, notes and capital and operating lease arrangements.

We have financed a substantial portion of our fleet and acquisitions with indebtedness incurred under our existing credit facilities, our notes, as well as capital and operating lease arrangements. We have significant normal course payment obligations under our credit facilities, our notes and capital and vessel operating lease arrangements, both prior to and at maturity, including as of June 30, 2018 and including the assumption of debt in connection with the acquisition of GCI, of approximately $320.9 million in 2018 and an additional $5.4 billion through 2027. In addition,

under our credit facilities and capital and operating lease arrangements, a payment may be required in certain circumstances as a result of events such as the sale or loss of a vessel, a termination or expiration of a charter (where we do not enter into a replacement charter acceptable to the lenders within a required period of time) or termination of a shipbuilding contract. The amount that must be paid may be calculated based on the loan to market value ratio or some other ratio that takes into account the market value of

the relevant vessel (with the repayment amount increasing if vessel values decrease), or may be the entire amount of the financing in regard to a credit facility or a pre-determined termination sum in the case of a capital or operating lease.

If we are not able to refinance outstanding amounts 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 amounts, which could reduce our ability to satisfy payment obligations related to our securities, our credit facilities, our notes and capital and operating lease arrangements or may require us to delay certain business activities or capital expenditures or cease paying dividends. If we are not able to satisfy these obligations (whether or not refinanced) under our credit facilities, notes or capital or operating lease arrangements with cash flow from operations, we may have to seek to restructure our indebtedness and lease arrangements, 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 or lease obligations, or if we otherwise default under our credit facilities, notes or capital or operating lease arrangements, the holders of such debt or lessors could declare all outstanding indebtedness to be immediately due and payable and in the case of (i) our credit facilities and capital or operating lease arrangements, foreclose on the vessels securing such indebtedness and (ii) the Fairfax Notes, foreclose on the equity of GCI, which entity is an intermediate holding company that owns the equity of a number of our indirect vessel owning subsidiaries. Additionally, most of our debt instruments contain cross-default provisions, which generally cause a default or event of default under each instrument upon a qualifying default or event of default under any other debt instrument. If we are unable to repay outstanding borrowings when due, holders of our secured debt also have the right to proceed against the collateral granted to them that secures the indebtedness. The market values of our vessels, which fluctuate 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, 2018, we had $3.9 billion in aggregate principal amount of debt outstanding under our credit facilities and notes, and capital lease obligations of approximately $672.5 million.

On March 13, 2018, we also entered into a subscription agreement with Fairfax for an additional investment of $250.0 million aggregate principal amount of 2026 Notes to be issued in January 2019 in a private placement with Fairfax, subject to customary closing conditions.

In addition to the Series I Preferred Shares and the Second Fairfax Investment, we have been actively pursuing other sources of financing, including debt financing.

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, or at all;

- 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 operation and future business opportunities;

our debt level could make us more vulnerable to competitive pressures, 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.

Over time, containership values and charter rates may fluctuate substantially, which could adversely affect our results of operations, our ability to access or raise capital or our ability to pay interest or principal on our notes or dividends on our shares.

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 or decreases in 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, or at all 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. As of August 20, 2018, we had no vessels off-charter and 31 vessels on short-term charter. For our vessels that are or will be off-charter, there is no assurance that replacement charters will be secured and if secured, at what rates or for what duration.

A reduction in our net assets could result in a breach of certain financial covenants contained in our credit and lease facilities, our notes 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 or our notes. This could harm our business, results of operations, financial condition, ability to raise capital or ability to pay obligations under our notes or dividends on our equity securities.

In the past we have recognized, and in the future we may be required to recognize, significant impairment charges.

We are required to 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.

Examples of such events or changes in circumstances related to our long-lived assets include:

- a significant decrease in the market price of the asset;
- a significant adverse change in the extent or manner in which the asset is being used or in its physical condition;

- a significant adverse change in legal factors or in the business climate that could affect the asset s value, including an adverse action or assessment by a regulator;

- an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset;

- a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the asset s use; or

- a current expectation that, more likely than not the asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

If the estimated undiscounted future cash flows of an asset, excluding interest charges, expected to be generated by the use of the asset over its useful life exceeds the asset s carrying value, no impairment is recognized even though the fair value of the asset may be lower than its carrying value. If the estimated undiscounted future cash flows are less than its carrying amount, an impairment charge is recorded for the amount by which the net book value of the asset exceeds its fair value.

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, the amount of time a vessel is off-charter, 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 provide no assurances, however, as to whether our estimates of future cash flows, particularly future vessel charter revenues or vessel values, will be accurate.

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. During the year ended December 31, 2016, we recorded non-cash vessel impairments of $285.2 million for 16 vessels held for use, consisting of four 4250 TEU, two 3500 TEU and ten 2500 TEU vessels. The amount, if any, and timing of any impairment charges we may recognize in the future (which could occur in fiscal 2018) will depend upon then current and expected future charter rates, vessel utilization, operating and dry-docking expenditures, vessel residual values, inflation and the remaining expected useful lives of our vessels. Any future impairment charges may be material and would harm our earnings and net asset values. Please read Item 5. Operating and Financial Review and Prospects D. Critical Accounting Policies and Estimates Impairment of Long-lived Assets in our 2017 Annual Report.

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

As of August 1, 2018, newbuilding containerships with an aggregate capacity of 2.8 million TEUs, representing approximately 12.5% of the total worldwide containership fleet capacity as of that date, were under construction, and the global containership fleet is expected to grow over the next two years, based on various estimates. Containership throughput growth exceeded global fleet capacity growth in 2017; however, if containership throughput growth were to drop below the forecast level of fleet capacity growth, it may lead to a reduction in charter hire rates for containership vessels. 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.

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 short-term or spot market, we may have difficulty entering into additional long-term, fixed-rate time charters for our vessels due to the increased supply of vessels. 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 long-term 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 available to cover our financing costs for related vessels. In recent years, the rates in the short-term or spot market have been lower than the rates we have obtained under our long-term, fixed-rate charters due to oversupply. 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.

As a result of these changes, in the future we may be more active in the short-term or spot market, which could possibly involve purchasing existing ships on short-term charters or without charters. This may result in additional variability in our cash flow and earnings.

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 may be required to make substantial capital expenditures to complete the acquisition of future businesses or assets, which may result in increased financial leverage or dilution of our equity holders interests or decreased ability to redeem our preferred shares.

We have increased, and intend to further grow, the size of our business over time through acquisitions. We are regularly evaluating opportunities within the containership sector, as well as in the broader maritime and industrial transportation sectors and other sectors, and the acquisition of future businesses or assets 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 obligations under our notes, dividends to our shareholders, including holders of our preferred shares, or to redeem our preferred shares. Incurring additional debt may significantly increase our interest expense and financial leverage, and under certain of our debt facilities there are maximum loan to value ratios at time of advance that may restrict our ability to borrow. 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 and covenants in our credit facilities, as well as by adverse market

conditions. To the extent that we enter into acquisition contracts, our ability to obtain new financing for such acquisitions 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 including, among other things, to meet future environmental regulatory standards. 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 interest and principal on our notes, pay dividends on our equity securities or redeem our preferred shares.

Following its recent investment in us, Fairfax will have significant influence over our policies and business.

On February 14, 2018, we issued to Fairfax, in a private placement, $250.0 million aggregate principal amount of Fairfax Notes, and 38,461,539 warrants, each exercisable for one share of our Class A common shares at an exercise price of $6.50 per share. On July 16, 2018, Fairfax exercised such warrants. For additional information about this private placement, please read our Reports on Form 6-K furnished to the SEC on February 15, 2018, February 22, 2018 and May 31, 2018.

On March 13, 2018, we and Fairfax entered into a subscription agreement pursuant to which we agreed to sell, and Fairfax agreed to purchase, $250.0 million aggregate principal amount of 2026 Notes and warrants to purchase 38,461,539 Class A common shares of the Company, par value of $0.01 per share, for an aggregate purchase price of $250.0 million (the Second Fairfax Investment). The Second Fairfax Investment will be funded, and the warrants issued, in January 2019, subject to customary closing conditions. For additional information about the Second Fairfax Investment, please read our Report on Form 6-K furnished to the SEC on March 14, 2018.

On July 16, 2018, we issued to Fairfax 25,000,000 warrants, each exercisable for one share of our Class A common shares at an exercise price of $8.05 per share (subject to customary adjustments). These warrants are exercisable at any time prior to July 16, 2025. For additional information about these warrants, please read our Report on Form 6-K furnished to the SEC on July 16, 2018.

If the 25,000,000 warrants that were issued to Fairfax in July 2018 and the 38,461,539 warrants to be issued to Fairfax in January 2019 were outstanding and exercised in full, as of June 30, 2018, Fairfax s shareholdings, including shares owned by V. Prem Watsa (the chairman and chief executive officer of Fairfax Financial Holdings Limited) that he acquired in the open market, would have represented approximately 42.9% of our outstanding common shares on such date after taking into account the issuance of the shares to Fairfax.

The indenture relating to the Fairfax Notes provides that Fairfax will have the right to designate (i) two members of our board of directors if at least $125.0 million aggregate principal amount of the Fairfax Notes remains outstanding or (ii) one member of the board of directors if at least $50.0 million but less than $125.0 million aggregate principal amount of the Fairfax Notes remains outstanding. The combination of Fairfax s board representation and positions as a significant debt and equity holder will give it significant influence over our policies and business, and Fairfax s objectives may conflict with those of other security holders and stakeholders of us.

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

To borrow funds under our existing debt facilities and capital and operating lease arrangements, we must, among other things, meet specified financial covenants. For example, we are prohibited under certain of our existing credit facilities and capital and operating lease arrangements and the Fairfax Notes 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 capital and operating lease arrangements 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 unable to satisfy the requirements in our credit facilities and capital and operating lease arrangements, we may be unable to borrow additional funds under the facilities and lease arrangements. If we are not in compliance with specified financial ratios or other requirements in our credit facilities, notes or lease arrangements, we may be in breach, which could require us to repay outstanding amounts. We may also be required to prepay amounts borrowed under our credit facilities, notes and lease arrangements if we experience a change of control. These events may result in financial penalties to us under our leases.

Our credit and capital lease facilities, notes and 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 facilities and capital and operating lease arrangements 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 certain of our assets;

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

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

In addition, our ability to pay a cash dividend on our common shares that is greater than $0.50 per share annually, when aggregated with all other cash dividends paid per share of our common shares in the preceding 360 days, may be limited under a restricted payments basket included in the indenture governing the Fairfax Notes.

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

covenants for our preferred shares. If we do not comply with the restrictions and covenants in our credit facilities, capital and operating lease arrangements, our notes or in our preferred shares, our business, results of operations and financial condition and ability to pay dividends on or redeem our preferred shares will be harmed.

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

Global financial markets and economic conditions were disrupted and volatile following the events of 2007 and 2008. During this time, the debt and equity capital markets became exceedingly distressed, and it was difficult generally to obtain financing and the cost of any available financing increased significantly. While

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

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

We generally incur borrowings to fund, in part, installment payments under shipbuilding contracts. If any future newbuilding vessels are not delivered as contemplated, we may be required to repay all or a portion of the amounts we borrow.

The construction period currently required for a newbuilding containership similar to those we have ordered is approximately 24 months. For newbuilding orders, we are required to make payment installments prior to a final installment payment, which final installment payment historically has been approximately 50-80% of the total vessel purchase price. We typically enter into long-term financing to partially fund the construction of our newbuilding vessels. We are required to make these installment 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 for any future newbuilding orders, 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 any related credit facility. Such an outcome 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. 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; and
- currency exchange rates.

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; and
- port and canal infrastructure and congestion.

Our ability to re-charter our containerships upon the expiration or termination of their current time charters and the charter rates 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, we may not be able to re-charter our vessels at profitable rates or at all, which would harm our results of operations. The same issues will exist if we acquire additional vessels and seek to charter them under short-term or long-term time charter arrangements as part of our growth strategy.

We may be unable to make or realize expected benefits from acquisitions or investments, and implementing our growth strategy through acquisitions may harm our business, results of operation, financial condition and ability to pay dividends on our shares or redeem our preferred shares.

Our growth strategy includes selectively acquiring businesses and assets as market conditions allow. We will consider opportunities within the containership sector as well as a breadth of opportunities in the broader maritime and industrial transportation sectors and other sectors. Factors that may limit the number of acquisition or investment

opportunities 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 business or asset 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 personnel to manage and operate our growing business;

- 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 assets 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.

We may seek acquisition or investment opportunities outside of the containership sector, which may or may not be outside of our management s area of expertise.

We will consider acquisition or investment opportunities outside of the containership sector (which sectors may or may not be outside our management s areas of expertise) if an acquisition or investment opportunity is presented to us and we determine that it is attractive for our company. Although our management will endeavor to evaluate the risks inherent in any particular acquisition or investment opportunity we cannot assure you that we will adequately ascertain or assess all of the significant risk factors. We also cannot assure you that an investment in our securities will not ultimately prove to be less favorable to investors than a direct investment, if an opportunity were available, in an acquisition or investment opportunity.

Our continuing compliance with the requirements of the Sarbanes-Oxley Act of 2002 will depend, in part, on our ability to integrate effectively the internal controls and procedures of GCI with our own.

In connection with the GCI Acquisition, we may be required to assess and make any necessary adjustments to GCI s internal controls and procedures in order to maintain the overall effectiveness of our internal controls and procedures, to ensure that we continue to deliver accurate and timely financial information and to ensure ongoing compliance with Section 404 of the Sarbanes-Oxley Act of 2002. We have not yet completed our evaluation of GCI s internal controls. Our failure to accomplish this on a timely basis or at all could compromise our compliance with the Sarbanes-Oxley Act of 2002 and the timeliness and accuracy of our financial reporting, which could reduce investor confidence in our publicly reported consolidated financial statements.

A significant number of our vessels are chartered to Chinese customers and certain 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 June 30, 2018, a total of 38 of the 112 vessels in our current fleet were chartered to Chinese customers and our revenues in 2018 from Chinese customers represented 39.8% of our total revenue in the first half of 2018. Our vessels that are chartered to Chinese customers are, and any of our future newbuilding vessels that are constructed in China will be, 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 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. In particular, the current U.S. administration recently proposed tariffs on a variety of products exported by China. China has responded in kind which has resulted in further proposals by the current administration to impose tariffs on other Chinese products. In addition, the current U.S. administration has stated that it may seek to implement more protective trade measures not just with respect to China but with respect to other countries in the Asia Pacific region as well. 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 Asia Pacific, (b) the length of time required to deliver goods from the region and (c) the risks associated with exporting goods from the region. 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 global trade, especially trade with China, 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, especially in the Asia Pacific region, the European Union or the United States, could harm our business, results of operations and financial condition.

Because a significant number of the port calls made by our vessels involves the loading or discharging of containerships in ports in the Asia Pacific region, economic turmoil in that region may exacerbate the effect of any economic slowdown on us. China has been one of the world s fastest growing economies in terms of gross domestic

product, which has increased the demand for shipping. The President of the United States has indicated the United States may seek to implement more protectionist trade measures to protect and enhance its domestic economy. Additionally, the European Union, or the EU, and certain of its member states are facing significant economic and political challenges, including a risk of increased protectionist policies. Our business, results of

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operations and financial condition will likely be harmed by any significant global economic downturn or increase in protectionist trade policies, both of which would likely lead to a reduction in global trade and demand for containerships.

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.

Our growth and our ability to re-charter 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 fixed-rate charters for such ships, and to re-charter 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 charters is highly competitive and generally involves an intensive screening process and competitive bids, and often extends for several months in regard to newbuilding containerships. 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;
- 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 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 or leased fleets. Some of our competitors have significantly

greater financial resources than we do and may be able to offer better charter rates. Some of our competitors have entered into joint ventures to charter their containerships, and may be able to better satisfy customer demands. 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 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.

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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. This new standard will become effective for fiscal years beginning after December 15, 2018.

Under the 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 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, we may be unable to re-deploy the related vessel on terms as favorable to us, if at all. We may not receive any revenue from that vessel, but may be required to continue to pay financing costs for the vessel and expenses necessary to maintain the vessel in proper operating condition.

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

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, results of operations and financial condition.

Piracy is an inherent risk in the operation of ocean-going vessels and has historically affected vessels trading in certain regions of the world, including, among other areas, the South China Sea and the Gulf of Aden off the coast of Somalia 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.

Disruptions and security threats to our technology systems could negatively impact our business.

In the ordinary course of business, we rely on the security of information and operational technology systems, including those of our business partners and other third parties, to manage or support a variety of business activities including operating and navigating our fleet; tracking container contents and delivery; maintaining vessel infrastructure; communicating with personnel, management, customers and business partners; collecting, processing, transmitting and storing electronic information, including personal, employee, business, financial and operational data; facilitating business and financial transactions; and providing services to our customers. A cyber-attack on us, or our business partners, could significantly disrupt these and other commercial activities and business functions resulting in a loss of revenue and customer relationships. For operational technology in particular, a cyber-attack could result in physical damage to assets and infrastructure, injury or loss of life and environmental harm.

Our global technology network faces many threats from criminal hackers and competitors who may use phishing emails, unauthorized network intrusions, electronic communications or portable electronic devices to distribute computer viruses and ransomware, enable fraudulent transactions, or otherwise alter the confidentiality, integrity and availability of our information and information systems. Despite our continuing efforts to secure our technology network infrastructure, protect our critical data and systems, and ensure operational resiliency, cyber-attacks may occur that could have a material impact on our financial performance, reputation and continuous operations. Further, as the methods of cyber-attacks continue to evolve, we may be required to expend additional resources to enhance and supplement our existing protective measures. A successful cyber-attack could also result in significant costs associated with the investigation and remediation of our technology systems, as well as increased regulatory and legal liability. We have taken steps to manage this risk, including assessing the security of our systems and policies, developing tools that support tracking and monitoring cyber events, and increasing awareness and training of our employees.

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, Syria, 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 obtain a replacement vessel on a timely basis. Our credit facilities and lease arrangements 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.

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

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restrictions on air emissions from our containerships, in managing ballast water, 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 or more of our containerships could harm our business, results of operations and financial condition. For additional information about the environmental regulations to which we are subject, please read Business Environmental and Other Regulations in our Annual Report on Form 20-F for the fiscal year ended December 31, 2017 filed on March 6, 2018.

Compliance with safety and other vessel requirements imposed by classification societies may be costly and could harm our business, results of operations and financial condition.

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 International Maritime Organization s (IMO) International Convention for the Safety of Life at Sea (SOLAS). 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.

Although we are not currently under contract to purchase any newbuilding containerships, containerships we may order in the future could be delayed, which would delay our receipt of revenue under the charters for the containerships and, if the delay is prolonged, could permit our customers to terminate the newbuilding containership charter. The occurrence of any of such events could harm our business, results of operations and financial condition.

The delivery of this containership 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 countries 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;

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- 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, shipbuilding contracts for our newbuilding containerships typically contain 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 re-chartering 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 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 could be harmed.

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

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against the applicable vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel through foreclosure proceedings. In addition, in some jurisdictions, such as South Africa, under the sister ship theory of liability, a claimant may

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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 or interest 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.

As of June 30, 2018, we had an aggregate of approximately $3.9 billion outstanding under our credit facilities and our notes, and capital lease obligations of approximately $672.5 million. On March 13, 2018, we also entered into a subscription agreement with Fairfax for an additional investment of $250.0 million aggregate principal amount of 2026 Notes to be issued in January 2019 in a private placement, subject to customary closing conditions. The majority of the credit facilities, capital leases and operating leases are variable rate facilities and leases, under which our payment obligations will increase as interest rates increase. While we have entered into interest rate swaps to manage some of our interest rate risk, interest rate fluctuations may have a negative effect on the results of our operations and financial condition. Please read Item 3. Quantitative and Qualitative Disclosures About Market Risk Interest Rate Risk in our Report on Form 6-K furnished to the SEC on August 6, 2018.

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 initial public offering in 2005, we have increased the size of our contracted fleet from 23 to 112 vessels as of August 20, 2018. 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 recruit suitable employees, our business, results of operations and financial condition may be harmed.

We may experience disruption as a result of the recent and pending departures of a number of members of our senior management.

We have recently experienced a number of changes in our senior management.

- Our former chief executive officer, Gerry Wang, retired on November 3, 2017 and formally ceased employment on December 31, 2017. Our new president and chief executive officer, Bing Chen, commenced employment in January 2018.
- Our former chief financial officer, Mr. David Spivak, terminated his employment with us effective June 29, 2018 to pursue other opportunities. Our new chief financial officer, Mr. Ryan Courson, took title on May 6, 2018.
- Our former general counsel and chief operating officer, Mark Chu, terminated his employment with us effective August 31, 2018 to pursue other opportunities.

We depend on our key personnel and may have difficulty attracting and retaining skilled employees.

Our future success depends to a significant extent upon our ability to identify, hire, develop, motivate and retain key personnel, including our senior management and skilled employees. Competition for highly-qualified professionals is intense. If key employees depart, it could prevent or delay the implementation and completion of our strategic objectives, divert management s attention to seek certain qualified replacements or adversely affect our ability to manage our business effectively and, as a result, our business, results of operations and financial condition may be adversely affected.

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 more 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.

Substantial future sales of our preferred or common shares in the public market could cause the price of such shares to fall.

The market price of our preferred and common shares could decline due to sales of a large number of shares in the market, including sales of shares by our large shareholders, or the perception that these sales could occur. These sales could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future share offerings. In connection with our initial public offering, our entry into employment or services agreements with our former chief executive officer, Gerry Wang, and an affiliate of one of our former directors, Graham Porter, our acquisition of Seaspan Management Services Limited and our July 2018 private placement with Fairfax of warrants to purchase up to 25,000,000 common shares, we have granted registration

rights to the holders of certain of our securities, including common shares or securities convertible into common shares and preferred shares. These shareholders have the right, subject to certain conditions, to require us to file registration statements covering the sale by them of such common shares or preferred shares. Following their sale under an applicable registration statement, any such common shares will become freely tradable. By exercising their registration rights and selling a large number of common shares or preferred shares, these shareholders could cause the price of our common shares or preferred shares to decline.

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 (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 U.S. 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 U.S. 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.

The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.

We are incorporated under the laws of the Marshall Islands, our principal executive offices are located outside of the United States, a majority of our directors and officers reside outside of the United States, and we conduct operations in countries around the world. In addition, all of our assets and a substantial portion of the assets of our directors, officers and experts are located outside of the United States, and we have no operations in the United States. Consequently, in the event of any bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding involving us or any of our subsidiaries, bankruptcy laws other than those of the United States could apply. If we become a debtor under U.S. bankruptcy law, bankruptcy courts in the United States may seek to assert jurisdiction over all of our assets, wherever located, including property situated in other countries. There can be no assurance, however, that we would become a debtor in the United States, or that a U.S. bankruptcy court would be entitled to, or accept, jurisdiction over such a bankruptcy case, or that courts in other countries that have jurisdiction over us and our operations would recognize a U.S. bankruptcy court s jurisdiction if any other bankruptcy court would determine it had jurisdiction.

Tax Risks

In addition to the following risk factors, you should read Business Taxation of the Company, Material United States Income Tax Considerations and Material 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 our 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. corporation will be treated as a passive foreign investment company (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

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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, and 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. No assurance can be given, however, that this position 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 determine that we are or have been a PFIC for any taxable year during which a U.S. Holder (as defined below) held shares, such U.S. Holder would face adverse U.S. federal income tax consequences. For a more comprehensive discussion regarding our status as a PFIC and the tax consequences to U.S. Holders if we are treated as a PFIC, please read Material United States 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, Material United States Income Tax Considerations and Material Non-United States Tax Considerations. 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 and Material Non-United States 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 supplement 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 growth prospects and ability to expand our business;
- our expectations as to impairments of our vessels, including the timing and amount of currently anticipated impairments;
- the future valuation of our vessels and goodwill;
- potential acquisitions, vessel financing arrangements and other investments, and our expected risks and benefits from such transactions;
- future time charters and vessel deliveries, including future long-term charters for certain existing vessels;
- estimated future capital expenditures needed to preserve the operating capacity of our fleet including, our capital base, and comply with regulatory standards, our expectations regarding future dry-docking and operating expenses, including ship operating expense and general and administrative expenses;
- 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 and the useful lives of our vessels;
- availability of crew, number of off-hire days and dry-docking requirements;

general market conditions and shipping market trends, including charter rates, increased technological innovation in competing vessels and other factors affecting supply and demand;

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

our continued ability to meet our current liabilities as they come due;

our ability to remediate any existing material weaknesses in our internal controls over financing reporting;

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

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the potential for early termination of long-term contracts and our potential inability to enter into, renew or replace long-term contracts;

the introduction of new accounting rules for leasing and exposure to currency exchange rates and interest rate fluctuations;

conditions inherent in the operation of ocean-going vessels, including acts of piracy;

acts of terrorism or government requisition our containership during periods of war or emergency;

adequacy of our insurance to cover losses that result from the inherent operational risks of the shipping industry;

lack of diversity in our operations and in the type of vessels in our fleet;

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

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

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

the financial condition of our customers, lenders, refund guarantors and other counterparties and their ability to perform their obligations under their agreements with us;

our continued ability to meet specified restrictive covenants and other conditions in our financing and lease arrangements, our notes and our preferred shares;

any economic downturn in the global financial markets and export trade and increase in trade protectionism and potential negative effects of any recurrence of such disruptions on our customers ability to charter our vessels and pay for our services;

the recent departures of our former chief executive officer, chief financial officer and general counsel and chief operating officer and the ability to retain key employees in the future;

- some of our directors and investors may have separate interests which may conflict with those of our shareholders and they may be difficult to replace given the anti-takeover provisions in our organizational documents;
- taxation of our Company and of distributions to our shareholders;
- our exemption from tax on our U.S. source international transportation income;
- the ability to bring claims in China and Marshall Island, where the legal systems are not well-developed;
- potential liability from future litigation; and
- other factors detailed in this Report and from time to time in our periodic reports.

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 approximately $ million if the underwriters exercise in full their option to purchase additional shares to cover over-allotments), after deducting underwriting discounts and estimated offering expenses, from the issuance of the Series I Preferred Shares in this offering. We intend to use the net proceeds from this offering for general corporate purposes, which may include funding acquisitions, debt repayments and redeeming certain of our existing preferred shares.

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RATIO OF EARNINGS TO FIXED CHARGES AND PREFERENCE DIVIDENDS

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

	Six Months Ended June 30,		Year Ended December 31,			
	2018	2017	2016	2015	2014	2013
Ratio of earnings to fixed charges[1]	2.2	2.0	[2]	2.5	2.1	4.7
Ratio of earnings to fixed charges and preference dividends[1]	1.7	1.4	[2]	1.8	1.5	3.2
Dollar amount (in thousands) of deficiency in earnings to fixed charges			142,850			
Dollar amount (in thousands) of deficiency in earnings to fixed charges and preference dividends			196,935			

(1) For purposes of calculating the ratios of consolidated earnings to fixed charges and 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 ratios of earnings to fixed charges and to fixed charges and preference dividends are ratios that we are required to present in this prospectus and have been calculated in accordance with Commission rules and regulations. These ratios have no application to our credit and lease facilities and preferred shares and we believe they are not ratios generally used by investors to evaluate our overall operating performance.

(2) The ratio of earnings to fixed charges or 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, 2018:

- 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.

	Actual	As Adjusted[1]
(Dollars in thousands)		
Cash and cash equivalents	$ 269,070	$
Long-term debt:		
Long-term debt (including current portion)	$ 3,845,742	$
Long-term obligations under capital lease (including current portion)[2]	663,580	
Puttable preferred shares	47,256	
Series D preferred shares, $0.01 par value; 1,986,449 shares issued and outstanding		
Shareholders equity[3]		
Share capital		
Series D preferred shares, $0.01 par value; 20,000,000 shares authorized; 5,030,864 shares issued and outstanding		
Series E preferred shares, $0.01 par value; 15,000,000 shares authorized; 5,415,937 shares issued and outstanding		
Series F preferred shares, $0.01 par value; 20,000,000 shares authorized; 5,600,000 shares issued and outstanding[4]		
Series G preferred shares, $0.01 par value; 15,000,000 shares authorized; 7,800,800 shares issued and outstanding		
Series H preferred shares, $0.01 par value; 15,000,000 shares authorized; 9,025,105 shares issued and outstanding		
Series I Preferred Shares, $0.01 par value; shares authorized; nil shares issued and outstanding, actual; shares issued and outstanding, as adjusted		
Class A common shares, $0.01 par value; 400,000,000 shares authorized; 137,283,264 shares issued and outstanding	1,702	
Treasury shares (Class A common shares)	(371)	
Additional paid-in capital	2,862,936	
Deficit	(749,752)	
Accumulated other comprehensive loss	(23,112)	

Total shareholders equity	2,091,403	
Total capitalization	$ 6,647,981	$

(1) As adjusted data reflects our issuance and sale of Series I Preferred Shares in this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional Series I 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 $, $ and $, respectively.

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(2) Debt issuance costs related to a recognized liability, including long-term obligations under capital lease, are presented as a direct deduction from the carrying amount of the debt liability in the consolidated balance sheet. As of June 30, 2018, $25.7 million and $8.9 million have been deducted from the carrying amount of long-term debt and long-term obligations under capital lease, respectively.

(3) Does not include our Series A preferred shares, Series B preferred shares, Series C preferred shares, Series R preferred shares, Class B common shares and Class C common shares, none of which are issued or outstanding.

(4) On July 23, 2018, we redeemed all of our outstanding Series F preferred shares for a total of $143.4 million, including accrued dividends.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

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

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

The historical consolidated financial data as at December 31, 2013, 2014 and 2015 and for the years ended December 31, 2013 and 2014 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 SEC on March 10, 2016 and 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 December 31, 2016 and 2017 and for the years ended December 31, 2015, 2016 and 2017 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, 2016, filed with the SEC on March 6, 2017 and our Annual Report on Form 20-F for the year ended December 31, 2017, filed with the SEC, on March 6, 2018.

The historical consolidated financial data as at and for the six months ended June 30, 2017 and 2018 is derived from our unaudited interim consolidated financial statements and the notes thereto, which are contained in our Reports on Form 6-K furnished to the SEC on August 1, 2017 and August 6, 2018, respectively.

The following table should be read together with, and is qualified in its entirety by reference to our financial statements and historical predecessor combined financial statements, and the notes thereto incorporated by reference into this prospectus.

	Year Ended December 31,					Six Months Ended June 30,	
	2013	**2014**	**2015**	**2016**	**2017**	**2017**	**2018**
Statements of operations data (in thousands of dollars):							
Revenue	$ 677,090	$ 717,170	$ 819,024	$ 877,905	$ 831,324	$ 405,930	$ 506,438
Operating expenses:							
Ship operating	150,105	166,097	193,836	192,327	183,916	90,430	108,315
Cost of services, supervision fees			1,950	7,390	1,300		
Depreciation and amortization	172,459	181,527	204,862	216,098	199,938	99,744	116,032
General and administrative	34,783	30,462	27,338	32,118	40,091	14,975	16,346
Operating leases	4,388	9,544	40,270	85,910	115,544	54,658	63,523

Loss (gain) on disposals				31,876	(13,604)		
Expenses related to customer bankruptcy				19,732	1,103	1,013	
Vessel impairments				285,195			
Operating earnings	315,355	329,540	350,768	7,259	303,126	145,110	202,222
Other expenses (income):							
Interest expense and amortization of deferred financing fees	69,973	98,501	108,693	119,882	116,389	56,729	96,247
Interest income	(2,045)	(10,653)	(11,026)	(8,455)	(4,558)	(2,365)	(1,765)
Undrawn credit facility fee	2,725	3,109	3,100	2,673	2,173	1,265	295
Acquisition-related gain on contract settlement							(2,430)
Refinancing expenses and costs	4,038	70	5,770	1,962			

	Year Ended December 31,					Six Months Ended June 30,	
	2013	**2014**	**2015**	**2016**	**2017**	**2017**	**2018**
Change in fair value of financial instruments[1]	(60,504)	105,694	54,576	29,118	12,631	17,027	(25,249)
Equity (income) loss on investment	670	(256)	(5,107)	(188)	(5,835)	(2,529)	(1,216)
Other (income) expenses	1,470	1,828	(4,629)	1,306	7,089	6,676	611
Net earnings (loss)	$ 299,028	$ 131,247	$ 199,391	$ (139,039)	$ 175,237	$ 68,307	$ 135,729
Earnings (loss) per share:							
Class A common share, basic	$ 3.36	$ 0.80	$ 1.46	$ (1.89)	$ 0.94	$ 0.33	$ 0.73
Class A common share, diluted	2.93	0.79	1.46	(1.89)	0.94	0.33	0.71
Statements of cash flows data (in thousands of dollars):							
Cash from (used in):							
Operating activities	$ 327,669	$ 342,959	$ 335,872	$ 311,087	$ 323,219	$ 139,217	$ 182,752
Financing activities	62,491	73,621	394,527	106,907	(154,087)	(119,366)	397,629
Investing activities[2]	(293,403)	(751,205)	(716,634)	(265,412)	(283,856)	(76,361)	(564,485)
Selected balance sheet data (in thousands of dollars):							
Cash and cash equivalents	$ 476,380	$ 201,755	$ 215,520	$ 367,901	$ 253,176	$ 305,592	$ 269,070
Current assets	600,113	516,926	540,163	510,109	381,405	402,108	373,169
Vessels[3]	4,992,271	5,095,723	5,278,348	4,883,849	4,537,216	4,777,414	6,037,798

Total assets	5,906,037	5,857,344	6,073,819	5,657,829	5,878,142	5,457,802	7,553,547
Long-term debt	3,208,381	3,349,901	3,357,841	2,884,514	2,450,633	2,659,816	3,845,742
Share capital	882	1,209	1,223	1,385	1,646	1,507	1,702
Total shareholders equity	1,571,705	1,745,224	1,776,183	1,747,249	1,949,432	1,809,751	2,091,403
Other data:							
Number of vessels in operation at period end	71	77	85	87	89	89	112
TEU capacity at period end	414,300	474,300	578,300	620,650	665,900	638,900	905,900
Fleet utilization rate[4]	98.0%	99.0%	98.5%	96.0%	95.7%	95.0%	97.8%

(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) Prior to the adoption of Accounting Standards Update 2016-18, Statement of Cash Flows (Topic 320): Restricted Cash, or ASU 2016-18, restricted cash was presented as an investing activity in our consolidated statement of cash flows. With the adoption of ASU