

Costamare Inc.
Form F-1
October 20, 2010

As filed with the Securities and Exchange Commission on October 20, 2010

Registration Statement No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Form F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

COSTAMARE INC.

(Exact name of Registrant as specified in its charter)

Republic of the Marshall Islands

*(State or Other Jurisdiction of
Incorporation or Organization)*

4412

*(Primary Standard Industrial
Classification Code Number)*

N/A

*(I.R.S.
Employer
Identification
No.)*

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Syngrou Avenue
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*(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive
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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Security ⁽²⁾	Proposed Maximum Aggregate Offering Price ⁽¹⁾⁽²⁾	Amount of Registration Fee
Common Stock, par value \$0.0001 per share	15,295,000 shares	\$ 17.00	\$ 260,015,000	\$ 18,540

Preferred Stock Purchase Rights⁽³⁾

(1) Includes shares to be sold upon exercise of the underwriters over-allotment option.

(2) Estimated solely for the purposes of calculating the

registration fee
pursuant to
Rule 457(o).

- (3) The preferred stock purchase rights are initially attached to and trade with the shares of our common stock registered hereby. Value attributed to such rights, if any, is reflected in the market price of our common stock.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)

Issued October 20, 2010

13,300,000 Shares

**Costamare Inc.
COMMON STOCK**

Costamare Inc. is offering shares of its common stock. This is our initial public offering and no public market currently exists for our shares. We anticipate that the initial public offering price will be between \$15.00 and \$17.00 per share.

Our common stock has been approved for listing on the New York Stock Exchange under the symbol **CMRE**.

Investing in our common stock involves risks. See Risk Factors beginning on page 12.

PRICE \$ PER SHARE

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Company
Per Share	\$	\$	\$
Total	\$	\$	\$

Costamare Inc. has granted the underwriters the right to purchase up to an additional 1,995,000 shares to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on , 2010.

Morgan Stanley BofA Merrill Lynch

Dahlman Rose & Company RBS Wells Fargo Securities
, 2010

Pursuant to our charter parties, the charterer has the right
to place its name and logo on our containerships.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date. Information contained on our website does not constitute part of this prospectus.

PROSPECTUS SUMMARY

This section summarizes material information that appears later in this prospectus and is qualified in its entirety by the more detailed information and financial statements included elsewhere in this prospectus. This summary may not contain all of the information that may be important to you. As an investor or prospective investor, you should carefully review the entire prospectus, including the risk factors and the more detailed information that appears later.

Unless otherwise indicated, references in this prospectus to Costamare, the Company, we, our, us or similar terms when used in a historical context refer to Costamare Inc., or any one or more of its subsidiaries or their predecessors, or to such entities collectively.

We use the term twenty foot equivalent unit, or TEU, the international standard measure of containers, in describing the capacity of our containerships. For the definition of certain shipping terms used in this prospectus, see the Glossary of Shipping Terms at the end of the prospectus. Unless otherwise indicated, all references to currency amounts in this prospectus are in U.S. dollars and all share numbers give effect to the sale of 24,000,000 (pre-stock split) shares of Common Stock issued in a rights offering to stockholders of record on July 14, 2010, and a 1.88-for-1 stock split effected as a share dividend on October 19, 2010.

Business Overview

We are an international owner of containerships, chartering our vessels to many of the world's largest liner companies. We currently have a fleet of 41 containerships aggregating 211,882 TEUs, making us one of the largest privately owned containership companies in the world, based on total TEU capacity. We also have contracted to acquire four 3,351 TEU secondhand containerships and have entered into agreements, subject to certain conditions, to acquire three 9,000 TEU newbuilds. Our strategy is to time charter our containerships to a geographically diverse, financially strong and loyal group of leading liner companies. Over the last three years our largest customers by revenue were A.P. Moller-Maersk A/S (A.P. Moller-Maersk), MSC-Mediterranean Shipping Company S.A. (MSC) and Cosco Container Lines Co., Ltd. (COSCO). As of October 15, 2010, the average (weighted by TEU capacity) remaining time charter duration for our fleet of 41 containerships was 5.6 years, based on the remaining fixed terms and assuming the earliest redelivery dates possible under our containerships' charters. As of June 30, 2010, our fixed-term charters represented an aggregate of \$1.7 billion of contracted revenue, assuming the earliest redelivery dates possible under our containerships' charters and 365 revenue days per annum per containership.

Our company and its founders have a long history of operating and investing in the shipping industry. We are wholly-owned by Captain Vasileios Konstantakopoulos and his three sons Konstantinos Konstantakopoulos, Achillefs Konstantakopoulos and Christos Konstantakopoulos (collectively, the Konstantakopoulos family). Captain Vasileios Konstantakopoulos, the father of our chairman and chief executive officer, Konstantinos Konstantakopoulos, founded Costamare Shipping Company S.A. (Costamare Shipping) in 1975. We initially owned and operated drybulk carrier vessels, but in 1984 we became the first Greek owned company to enter the containership market and, since 1992, we have focused exclusively on containerships. After assuming management of our company in 1998, Konstantinos Konstantakopoulos has concentrated on building a large, modern and reliable containership fleet run and supported by highly-skilled, experienced and loyal personnel. He founded the management companies CIEL Shipmanagement S.A. (CIEL) and Shanghai Costamare Ship Management Co., Ltd. (Shanghai Costamare) in 2001 and 2005, respectively, and he founded the manning agency C-Man Maritime, Inc. (C-Man Maritime) in 2006. Under Konstantinos Konstantakopoulos's leadership, we have continued to foster a company culture focusing on excellent customer service, industry leadership and innovation.

Consistent with our strategy of actively managing the size of our fleet through timely acquisitions and dispositions, we grew our fleet from 21 containerships with an aggregate capacity of 43,735 TEUs in 2000 to a peak of 53 containerships of 227,778 TEUs in 2008, followed by a proactive decrease in response to market conditions to our current fleet of 41 containerships with a total capacity of 211,882 TEUs. We plan to use the proceeds of the offering to

further expand and renew our fleet. We believe

that the financial flexibility resulting from our strategic growth policy, together with our experience, reputation, quality of services and long-standing relationships with container shipping industry participants and major financial institutions, position us to renew and expand our fleet with further acquisitions of newbuild and high-quality secondhand vessels at prices that are currently below historical averages.

We believe that this is a favorable time to acquire newbuilds, as well as high-quality secondhand vessels. We also believe that vessel prices today remain at levels that are below their 10-year historical averages and that the charter market for containerships has shown improvement during 2010. As an established owner of containerships with a focus on reliability and balance sheet management, and with significant experience and relationships in the containership sector, we believe we will have ready access to additional vessel acquisition opportunities from shipyards, our liner company customers, shipowners, financial institutions and brokers, chartering opportunities with leading liner companies, and available financing alternatives that will facilitate the renewal and further expansion of our fleet at an opportune time.

Recent Developments

Consistent with our strategy of pursuing attractive growth opportunities, we recently entered into agreements to acquire a total of seven newbuild and secondhand containerships.

On September 21, 2010, we contracted with China Shipbuilding Trading Company Limited and Shanghai Jiangnan Changxing Heavy Industry Co., Ltd. for the construction and purchase of three newbuild containerships, each of 9,000 TEU capacity, for a price of approximately \$95.1 million per newbuild, to be paid in five equal installments. Each newbuild contract is subject to our completion of certain financing arrangements prior to November 30, 2010. These three newbuilds are scheduled to be delivered between November 2013 and January 2014, and we currently have agreements for the time charter of each newbuild to MSC for a period of 10 years from delivery by the shipyard at a daily rate of \$43,000. We have also obtained options to acquire three additional newbuild containerships, each of 9,000 TEU capacity, for a price of approximately \$96.1 million per newbuild. These options must be exercised by December 24, 2010, and the associated newbuild containerships would be delivered between March and June 2014.

On September 23, 2010, we contracted for four 3,351 TEU secondhand containerships at a purchase price of \$11.25 million per containership, two to be delivered by December 20, 2010 and two by February 28, 2011. These secondhand containerships were built between 1990 and 1992. We intend to finance the acquisition of these secondhand containerships with available cash or new debt financing. While we do not currently have time charters for these secondhand containerships, we are reviewing the charter market and intend to take advantage of available opportunities in line with our market outlook.

On September 16, 2010, we obtained a commitment letter from The Royal Bank of Scotland plc for a \$120.0 million term loan facility, which will be available for drawing for up to 18 months. We intend to use this term loan facility to finance the acquisition of additional newbuild or secondhand containerships, but we are also permitted to use it to refinance existing containerships in our fleet. Availability of the term loan facility is subject to execution of definitive documentation and is conditioned upon the closing of this offering.

We recently rechartered the *MSC Navarino*, and we also have extended by four years the current time charters to A.P. Moller-Maersk of eight of our containerships, such extensions resulting in an increase of approximately \$306 million in our contracted revenues. The details of the recharter and eight extensions, as well as certain other charter modifications, are shown in our fleet table, which appears in Business Fleet Characteristics .

Market Opportunity

We believe that it is currently an attractive time in the container shipping cycle to invest, and that we are well-positioned to benefit from an industry recovery, for several key reasons, including:

Initial Signs of Container Shipping Market Recovery. As reported by Clarkson Research Services Limited (Clarkson Research), based on an index containing a range of containership sizes, time charter daily rates improved 99% during the first nine months of 2010 and there has been a reduction in the number of vessels in layup and an increase in transported container volumes over the low levels of 2009. Although current charter rates remain low compared to the high levels reached in 2005, we believe that the increases in charter rates and transported volumes in the first nine months of 2010 are a positive indicator of fundamental improvement in the economics of our industry.

Our Ability to Exploit Acquisition Opportunities. As a well-established containership owner with a reputation for reliability and financial soundness and with significant contracted revenues, we believe we will have access to financing and chartering opportunities that will enable us to acquire additional high- quality vessels at prices that are below their 10-year historical averages. Unlike many of our public company competitors, we are not burdened with acquisition and newbuild commitments that were incurred when vessel prices were relatively high or with significant restrictions on debt incurrence imposed by lenders that would impede growth.

Our Fleet

We currently have a fleet of 41 containerships aggregating 211,882 TEUs, making us one of the largest privately owned containership companies in the world, based on total TEU capacity. Our containerships have a record of low unscheduled off-hire days, with fleet utilization levels of 99.7%, 99.3% and 99.9% in 2007, 2008 and 2009, respectively, and 99.8% for the first half of 2010. We believe our customers seek to charter our ships based upon, among other factors, our reputation for safety and reliability.

We deploy our containership fleet principally under multi-year time charters with leading liner companies that operate regularly scheduled routes between large commercial ports. As of October 15, 2010, the average (weighted by TEU capacity) remaining time charter duration for our fleet of 41 containerships was 5.6 years, based on the remaining fixed terms and assuming the earliest redelivery dates possible under our containerships' charters.

The tables below provide additional information, as of October 15, 2010, about our fleet of 41 containerships and the three newbuilds we have contracted to purchase from China Shipbuilding Trading Company Limited and Shanghai Jiangnan Changxing Heavy Industry Co., Ltd., at a purchase price of approximately \$95.1 million per newbuild. The table below does not include the four secondhand containerships that we have agreed to purchase. For information about these secondhand containerships, see [Business Overview Recent Developments](#) . Each vessel is a cellular containership, meaning it is a dedicated container vessel. Please see additional vessel information in [Business Fleet](#) .

	Vessel Name	Charterer ⁽¹⁾	Year Built	Capacity (TEU)	Time Charter Term ⁽²⁾	Current Daily Charter Hire (U.S. dollars)	Expiration of Charter ⁽²⁾	Average Daily Charter Rate Until Earliest Expiry of Charter (U.S. dollars) ⁽³⁾
1	COSCO GUANGZHOU	COSCO	2006	9,469	12 years	36,400	December 2017	36,400
2	COSCO NINGBO	COSCO	2006	9,469	12 years	36,400	January 2018	36,400
3	COSCO YANTIAN	COSCO	2006	9,469	12 years	36,400	February 2018	36,400
4	COSCO BEIJING	COSCO	2006	9,469	12 years	36,400	April 2018	36,400
5	COSCO HELLAS	COSCO	2006	9,469	12 years	32,400 ⁽³⁾	May 2018	36,996
6	MSC NAVARINO ⁽⁴⁾	MSC	2010	8,531	0.7 years	22,000	January 2011	22,000
7	MAERSK KAWASAKI	A.P. Moller-Maersk	1997	7,403	10 years	37,000	December 2017	37,000
8	MAERSK KURE	A.P. Moller-Maersk	1996	7,403	10 years	37,000	December 2017	37,000
9	MAERSK KOKURA	A.P. Moller-Maersk	1997	7,403	10 years	37,000	February 2018	37,000
10	SEALAND NEW YORK	A.P. Moller-Maersk	2000	6,648	11 years	30,375	March 2018	28,766
11	MAERSK KOBE	A.P. Moller-Maersk	2000	6,648	11 years	30,375	May 2018	31,855

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12	SEALAND WASHINGTON	A.P. Moller-Maersk	2000	6,648	11 years	30,375	June 2018	28,828
13	SEALAND MICHIGAN	A.P. Moller-Maersk	2000	6,648	11 years	25,375	August 2018	26,302
14	SEALAND ILLINOIS	A.P. Moller-Maersk	2000	6,648	11 years	30,375	October 2018	28,882
15	MAERSK KOLKATA	A.P. Moller-Maersk	2003	6,644	11 years	30,000	November 2019	33,168
16	MAERSK KINGSTON	A.P. Moller-Maersk	2003	6,644	11 years	30,375	February 2020	33,343
17	MAERSK KALAMATA	A.P. Moller-Maersk	2003	6,644	11 years	30,375	April 2020	33,385
18	ZIM NEW YORK	ZIM	2002	4,992	10 years	16,205	July 2012	28,332
19	ZIM SHANGHAI	ZIM	2002	4,992	10 years	16,100	August 2012	27,801
20	ZIM PIRAEUS	ZIM	2004	4,992	10 years	18,150	March 2014	24,145
21	OAKLAND EXPRESS	Hapag Lloyd	2000	4,890	8 years	31,297	September 2016	31,291
22	NEW YORK EXPRESS	Hapag Lloyd	2000	4,890	8 years	31,282	October 2016	31,274
23	SINGAPORE EXPRESS	Hapag Lloyd	2000	4,890	8 years	31,317	July 2016	31,312
24	MSC MANDRAKI ⁽⁵⁾	MSC	1988	4,828	2.8 years	13,500	August 2012	20,201
25	MSC MYKONOS ⁽⁶⁾	MSC	1988	4,828	3.2 years	13,500	September 2012	19,577
26		MSC	1993	3,883		17,250	April 2012	18,949

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	MSC ANTWERP ⁽⁷⁾				3 years			
27	MSC WASHINGTON	MSC	1984	3,876	3.2 years	17,250	February 2013	18,344
28	MSC KYOTO	MSC	1981	3,876	3.1 years	17,250	June 2013	18,238
29	MSC AUSTRIA	MSC	1984	3,584	3.7 years	17,250	November 2012	19,103
30	AKRITAS	Hapag Lloyd	1987	3,152	1 year	11,000	August 2011	11,000
31	GARDEN	Evergreen Marine	1984	2,922	5 years	15,200	November 2012	15,200
32	GENIUS I	Evergreen Marine	1984	2,922	3.3 years	15,200	November 2012	15,200
33	GATHER	Evergreen Marine	1984	2,922	5 years	15,200	November 2012	15,200
34	GIFTED	Evergreen Marine	1984	2,922	2.4 years	15,700	December 2011	15,700
35	MSC CHALLENGER	MSC	1986	2,633	2 years	10,000	September 2012	10,000
36	MSC NAMIBIA	MSC	1977	1,654	4.8 years	11,500	July 2012	12,876
37	MSC SUDAN	MSC	1976	1,630	3 years	11,250	June 2011	13,019
38	MSC SIERRA	MSC	1977	1,630	3.7 years	11,250	May 2012	12,847
39	MSC TUSCANY	MSC	1978	1,468	1.9 years	12,000	August 2012	7,985
40	MSC FADO	MSC	1978	1,181	2 years	7,400	May 2012	7,400

41	HORIZON	OACL	1991	1,068	7.1 years	7,625	April 2012	7,625
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Set out below is certain information regarding the newbuilds that we have contracted to purchase, subject to our completion of certain financing arrangements prior to November 30, 2010.

									Average Daily Charter Rate Until Earliest Expiry of Charter (U.S. dollars)
Vessel Name	Charterer ⁽¹⁾	Year Built	Capacity (TEU)	Expected Delivery Date	Time Charter Term ⁽²⁾	Current Daily Charter Hire (U.S. dollars)	Expiration of Charter ⁽²⁾		
Newbuilds⁽⁸⁾									
1	H 1068A	MSC	2013	9,000	November 2013	10 years	43,000	November 2023	43,000
2	H 1069A	MSC	2013	9,000	December 2013	10 years	43,000	December 2023	43,000
3	H 1070A	MSC	2014	9,000	January 2014	10 years	43,000	January 2024	43,000

(1) Charterer trade names or acronyms not previously defined are defined in Our Competitive Strengths .

(2) Charter terms and expiration dates are based on the earliest date each charter could expire.

(3) This average rate is calculated based on contracted charter rates for the days remaining between October 15, 2010 and the earliest expiration of each charter. Certain of our charter

rates change until their earliest expiration dates. See the footnotes to the fleet table in

Business Fleet Characteristics .

- (4) The vessel will be re-delivered from current charterer MSC between January 24, 2011 and January 30, 2011, at which time it will be delivered to charterer HMM for a time charter until March 25, 2012 at the earliest at a rate of \$44,000 per day.
- (5) This charter includes a fixed rate until November 2, 2011, and the market rate for the remainder of the term. In order to calculate the average charter rate, we assumed that the charter expires on November 2, 2011.
- (6) This charter includes a fixed rate until July 14, 2011, and the market rate for the remainder of the term. In order to calculate the average charter rate, we assumed that the charter expires on July 14, 2011.
- (7) This charter includes a fixed rate until May 15, 2011, and the market rate for the remainder of the term. In order to calculate the average charter rate, we assumed that the charter expires on May 15, 2011.
- (8) Each newbuild contract is subject to our completion of certain financing arrangements prior to November 30, 2010.

Our Competitive Strengths

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

History of Managing Growth Through Shipping Cycles. We grew our fleet from 21 containerships with an aggregate capacity of 43,735 TEUs in 2000 to a peak of 53 containerships of 227,778 TEUs in 2008, reflecting a compound annual growth rate of approximately 10.8% based on number of vessels or 20.1% based on TEUs. Thereafter, we decided, based on our market outlook, to reduce our fleet size to our current fleet of 41 containerships with a total capacity of 211,882 TEUs. Our senior management team has a history of strategically timing vessel acquisitions and dispositions in the containership sector and delivering positive financial returns through the shipping cycle, generating net income of \$45.6 million in the first of half 2010, \$116.9 million in 2009 and \$99.8 million in 2008.

Base of Contracted Cash Flows Through Multi-Year Charter Coverage and Staggered Charter Expiration Dates. We believe that the multi-year fixed-rate nature of most of our charters, many of which were arranged at attractive points in the shipping cycle, will continue to provide us with a stable base of contracted future revenue. As of October 15, 2010, the average (weighted by TEU capacity) remaining time charter duration for our fleet of 41 containerships was 5.6 years, based on the remaining fixed terms and assuming the earliest redelivery dates possible under our containerships charters. Of the 41 containerships in our existing fleet, over 99% of the anticipated total available days for the fourth quarter of 2010 and the full year 2011 are under fixed-rate time charters. The staggered maturities of the charters for vessels that expire in the next few years will mean that we will likely conduct our rechartering activity in varying rate environments and we will seek to tailor our charter terms accordingly. As of June 30, 2010, our fixed-term charters represented an aggregate of \$1.7 billion of contracted revenue, assuming the earliest redelivery dates possible under our containerships charters and 365 revenue days per annum per containership.

Experienced Management Team and Reputation for Operational Excellence Support Long-Standing Relationships with Leading Charterers. Our company and founders have a long history of operating and investing in the container shipping industry. Our managers' senior management teams have a combined average of approximately 34 years of experience in the shipping industry. We believe that we are able to secure multi-year charters with leading liner companies because of, among other things, our operating track record and our high level of service and support. We currently charter containerships to A.P. Moller- Maersk, COSCO, Evergreen Marine (Hong Kong) Ltd. (Evergreen Marine), Hapag Lloyd Aktiengesellschaft (Hapag Lloyd), Hyundai Merchant Marine Co., Ltd. (HMM), MSC, Ocean Africa Container Lines (Pty) Ltd. (OACL) and Zim Integrated Shipping Services (ZIM).

Access to Capital to Pursue Our Growth Strategy. As of June 30, 2010, we had approximately \$59.9 million of available cash (including restricted cash), cash equivalents and investments, along with \$74.2 million of undrawn borrowing capacity. As of that date, we also had 10 containerships, aggregating 38,197 TEUs with an average age (weighted by TEU capacity) of 12.5 years, which were unencumbered. On September 16, 2010, we obtained a commitment letter for a \$120.0 million term loan facility, subject to execution of definitive documentation and conditioned upon the closing of this offering. We believe that our available liquidity and committed financing capacity will allow us to make additional near-term accretive acquisitions during a period when both newbuild and high-quality secondhand vessel values remain below their 10-year historical averages.

Large, Diversified High-Quality Fleet. We have a fleet of 41 vessels as of October 15, 2010. Our fleet includes containerships of various sizes and has been assembled to meet our customers' needs and is able to operate on East-West, North-South and Intra-regional trade routes, giving us increased flexibility in rechartering our containerships. We believe our containerships were built to high standards by reputable shipyards and have been carefully maintained. We have had success in chartering and operating our older vessels beyond their depreciable lives.

Our Business Strategies

Our primary objectives are to profitably grow our business, increase distributable cash flow per share and maximize value to our stockholders by pursuing the following strategies:

Invest in Vessels at an Attractive Point in the Container Shipping Cycle. We believe we are well-positioned to take advantage of the significant opportunities created by the recent economic downturn and developments in the container shipping industry to acquire vessels at attractively low prices. We have recently contracted to acquire four 3,351 TEU secondhand containerships. We have also entered into agreements, subject to certain conditions, to acquire three 9,000 TEU newbuilds, and have agreed 10-year time charters for each newbuild. We intend to expand our fleet by acquiring additional containerships at relatively low prices using our cash from operations, the proceeds of this offering and undrawn borrowing capacity under our committed revolving credit facility and committed term loan, along with borrowings under new credit facilities for which we do not yet have commitments, but which we intend to obtain.

Actively Manage Portfolio of Charters Through the Shipping Cycle. Our largest customers in 2009 were A.P. Moller-Maersk, MSC and COSCO, which we perceive to be among the more creditworthy liner companies. As the global economy improves, we will continue to charter our containerships to such high-quality charterers and expand the number of leading liner companies chartering our vessels in order to further diversify our portfolio of time charters from customer, geographic and maturity perspectives.

Continue to Manage Our Balance Sheet. We believe that management of our balance sheet, including management of cash and capital commitments, will continue to give us financial flexibility. Consistent with that policy, we met all of our scheduled debt repayment obligations during the significant 2008-2009 economic downturn. We believe that our committed revolving credit facility, which gives us \$74.2 million of undrawn borrowing capacity as of June 30, 2010, and our committed term loan that provides \$120.0 million of undrawn borrowing capacity, along with cash from operations, and the proceeds of this offering will provide us with financial flexibility.

Provide High-Quality Customer Service. Our managers' ship management approach is to tailor their services by vessel type and age, which we believe has helped to differentiate us with our charterers and extend our charters and the useful lives of our containerships. We believe that having three management companies allows us to have a deep pool of operational management in multiple locations with market-specific experience and relationships, as well as the geographic flexibility needed to manage and crew our large and diverse fleet so as to provide a high level of service, while remaining cost-effective. We also believe that our focus on customer service and reliability enhances our relationships with our charterers. In the past decade, we have had successful chartering relationships with the majority of the top 20 liner companies by TEU capacity.

Dividend Policy

We intend to pay our stockholders quarterly dividends of \$0.25 per share, or \$1.00 per share per year. We expect to pay an initial dividend following completion of this offering of \$0.25 per share in February 2011.

Our board of directors may review and amend our dividend policy from time to time in light of our plans for future growth and other factors. We cannot assure you that we will be able to pay regular quarterly dividends in the amounts stated above or elsewhere in this prospectus, and our ability to pay dividends will be subject to the restrictions in our credit facilities and the provisions of the laws of the Republic of the Marshall Islands (the "Marshall Islands") as well as the other limitations set forth in the sections of this prospectus entitled "Dividend Policy" and "Risk Factors".

Corporate Information

Costamare Inc. was incorporated on April 21, 2008, under the laws of the Marshall Islands and conducts its operations through various subsidiaries. Each of our containerships is owned by one of our subsidiaries. We maintain our principal executive offices at 60 Zephyrou Street & Syngrou Avenue, 17564 Athens, Greece. Our telephone number at that address is +30-210-949-0000. After completion of this offering, we will maintain a website at www.costamare.com.

The Offering

Common stock offered	13,300,000 shares. 15,295,000 shares, if the underwriters exercise their over allotment option in full.
Common stock outstanding immediately after offering	60,300,000 shares. 62,295,000 shares, if the underwriters exercise their overallotment option in full.
Use of proceeds	We estimate that the net proceeds to us from this offering will be approximately \$195.9 million after deducting underwriting discounts and commissions and estimated offering expenses payable by us, based on an assumed initial public offering price of \$16.00 per share, which is the mid-point of the price range on the cover page of this prospectus. We intend to use the net proceeds of this offering for general corporate purposes and potential future vessel acquisitions, and we may use a portion of the net proceeds, together with debt financing, to fund our contracted containership acquisitions. Pending any such use, the proceeds may be applied to temporarily reduce outstanding indebtedness. See Use of Proceeds .
Dividends	We intend to pay quarterly dividends of \$0.25 per share, or \$1.00 per share per year, following the closing of this offering. We expect to pay the first dividend in February 2011. Declaration and payment of any dividend is subject to the discretion of our board of directors and the requirements of Marshall Islands law.
NYSE listing	Our common stock has been approved for listing on the New York Stock Exchange under the symbol CMRE .
Risk factors	Investment in our common stock involves a high degree of risk. You should carefully read and consider the information set forth under the heading Risk Factors and all other information set forth in this prospectus before investing in our common stock.

Each share of our common stock includes one right that, under certain circumstances, will entitle the holder to purchase from us a unit consisting of one-thousandth of a preferred share at a purchase price of \$25 per unit, subject to specified adjustments.

Unless we indicate otherwise or the context otherwise requires, all information in this prospectus assumes that the underwriters do not exercise their over allotment option.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated financial data set forth below as of December 31, 2007, 2008 and 2009 for each of the three years in the period ended December 31, 2009 have been derived from our audited consolidated financial statements. The summary consolidated financial data set forth below as of December 31, 2005 and 2006 and for the years then ended have been derived from our unaudited consolidated financial statements. The summary consolidated financial data as of June 30, 2010 and for the six months ended June 30, 2009 and 2010 are derived from our unaudited interim condensed consolidated financial statements. We refer you to the notes to our consolidated financial statements for a discussion of the basis on which our consolidated financial statements are presented. Results for the six months ended June 30, 2010 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2010 or any future period.

This information should be read together with, and is qualified in its entirety by, our consolidated financial statements and the notes thereto included elsewhere in this prospectus. You should also read Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Year Ended December 31,				
	2005	2006	2007	2008	2009
	(unaudited)				
	(Expressed in thousands of U.S. dollars, except for shares)				
STATEMENT OF INCOME					
Revenues:					
Voyage revenue	\$ 294,160	\$ 349,997	\$ 370,121	\$ 426,348	\$ 390,000
Expenses:					
Voyage expenses	1,682	1,825	2,780	3,735	3,735
Vessels operating expenses	84,810	100,701	124,666	148,350	110,000
General and administrative expenses	125	212	466	2,608	1,000
Management fees	7,120	10,198	11,812	13,541	10,000
Amortization of dry-docking and special survey costs	2,718	2,767	3,095	6,722	1,000
Depreciation	57,494	67,134	50,710	72,256	70,000
Gain on sale of vessels				(95)	(1,000)
Foreign exchange gains / (losses)	(28)	143	579	(235)	1,000

Other income / (expenses)		910		301		(37)	
Operating income	\$	140,239	\$	166,107	\$	175,712	\$ 179,503
Other Income (Expenses):							
Interest income	\$	7,180	\$	5,627	\$	3,589	\$ 5,575
Interest and finance costs		(31,800)		(54,211)		(62,568)	(68,420)
Other		1,192		63		188	109
Gain (loss) on derivative instruments		1,524		5,820		(1,498)	(16,988)
Total other income (expenses)	\$	(21,904)	\$	(42,701)	\$	(60,289)	\$ (79,724)
Net Income	\$	118,335	\$	123,406	\$	115,423	\$ 99,779
Earnings per common share, basic and diluted	\$	2.52	\$	2.63	\$	2.46	\$ 2.12
Weighted average number of shares, basic and diluted		47,000,000		47,000,000		47,000,000	47,000,000

	Year Ended December 31,				
	2005 (unaudited)	2006	2007	2008	2009
(Expressed in thousands of U.S. dollars)					
OTHER FINANCIAL DATA					
Net cash provided by operating activities	N/A ⁽¹⁾	\$ 7,864	\$ 166,619	\$ 247,518	\$ 161,893
Net cash (used in) provided by investing activities	N/A ⁽¹⁾	(350,456)	(257,550)	(138,301)	12,811
Net cash (used in) provided by financing activities	N/A ⁽¹⁾	342,026	93,099	(22,529)	(252,684)
Net increase (decrease) in cash and cash equivalents	N/A ⁽¹⁾	(566)	2,168	86,688	(77,980)
Dividends and distributions paid	N/A ⁽¹⁾	(13,564)	(88,572)	(279,778)	(161,230)
EBITDA (unaudited) ⁽²⁾	N/A ⁽¹⁾	\$ 241,891	\$ 228,207	\$ 241,602	\$ 280,208
BALANCE SHEET DATA (at period end)					
Total current assets	\$ 11,888	\$ 117,540	\$ 120,274	\$ 121,495	\$ 48,305
Total assets	1,065,854	1,453,988	1,674,665	1,815,500	1,710,300
Total current liabilities	183,638	153,651	177,575	287,534	183,271
Total long term debt, including current portion	619,150	968,822	1,102,926	1,529,948	1,435,593
Total stockholders equity	330,010	446,452	521,453	(10,750)	155,222

	Average for the Year Ended December 31,					Average for the Six Months Ended June 30,	
	2005	2006	2007	2008	2009	2009	2010
FLEET DATA							
Number of vessels	39.8	43.6	46.2	52.8	47.3	49.7	42.9
TEU capacity	144,608	177,274	194,865	226,878	218,733	222,511	212,580

(1) N/A indicates that the data is not available for the specified period.

(2) EBITDA represents net income before interest, income tax expense, depreciation and amortization. However, EBITDA is not a recognized measurement under U.S. generally accepted accounting principles (GAAP). We believe that the presentation of EBITDA is useful to investors

because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We also believe that EBITDA is useful in evaluating our ability to service additional debt and make capital expenditures. In addition, we believe that EBITDA is useful in evaluating our operating performance and liquidity position compared to that of other companies in our industry because the calculation of EBITDA generally eliminates the effects of financings, income taxes and the accounting effects of capital expenditures and acquisitions,

items which may vary for different companies for reasons unrelated to overall operating performance and liquidity.

EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;

EBITDA does
not reflect
changes in or
cash
requirements
for our
working
capital needs;
and

other
companies in
our industry
may calculate
EBITDA
differently
than we do,
limiting its
usefulness as a
comparative
measure.

Because of
these
limitations,
EBITDA should
not be
considered a
measure of
discretionary
cash available to
us to invest in
the growth of
our business.
We compensate
for these
limitations by
relying
primarily on our
GAAP results
and using
EBITDA only
supplementally.

The following table sets forth a reconciliation of net cash from operating activities and net income to EBITDA (unaudited) for the periods presented:

	2005 ⁽¹⁾	2006	Year Ended December 31,		2009	Six Months
	(unaudited)		2007	2008		2009
						(unaudited)
(Expressed in thousands of U.S. dollars)						
Reconciliation of Net Cash from Operating Activities to EBITDA						
Net cash provided by operating activities	\$	7,864	\$	166,619	\$	82,946
Net increase (decrease) in operating assets		104,226		(92,787)		338
Net (increase) decrease in operating liabilities		70,067		16,213		4,833
Interest and finance costs net		48,584		62,845		47,230
Amortization of financing costs		(141)		(964)		(351)
Gain on sale of vessels				95		3,864
Gain (loss) on derivative instruments		865		(16,657)		12,407
Payments for Drydockings and Special Surveys		401		23,362		5,392
Amortization and write-off of unearned revenue		6,871		1,636		732
Imputed interest		2,953				

Gain on sale of investments			341	108	108
Amortization of free lubricants	201				
EBITDA	\$ 241,891	\$ 228,207	\$ 241,602	\$ 280,208	\$ 157,499
Reconciliation of Net income to EBITDA					
Net income	\$ 123,406	\$ 115,423	\$ 99,779	\$ 116,929	\$ 70,269
Depreciation	67,134	50,710	72,256	71,148	36,109
Amortization of drydocking and special survey costs	2,767	3,095	6,722	7,986	3,891
Interest income	(5,627)	(3,589)	(5,575)	(2,672)	(1,578)
Interest and finance costs	54,211	62,568	68,420	86,817	48,808
EBITDA	\$ 241,891	\$ 228,207	\$ 241,602	\$ 280,208	\$ 157,499

(1) EBITDA is not available for 2005.

RISK FACTORS

Any investment in our common stock involves a high degree of risk. You should consider carefully the following risk factors, as well as the other information contained in this prospectus, before making an investment in our common stock. Any of the risk factors described below could significantly and negatively affect our business, financial condition or operating results, which may reduce our ability to pay dividends and lower the trading price of our common stock. You may lose part or all of your investment.

Risks Inherent in Our Business

Our growth depends upon continued increases in world and regional demand for chartering containerships, and the recent global economic slowdown may impede our ability to continue to grow our business.

The ocean-going container shipping industry is both cyclical and volatile in terms of charter rates and profitability. Containership charter rates peaked in 2005 and generally stayed strong until the middle of 2008, when the effects of the recent economic crisis began to affect global container trade, driving rates to their 10-year lows. According to Clarkson Research, in the first nine months of 2010 containership charter rates began to register an upward trend, but rates remain well below long term averages, and that improvement may not be sustainable and rates could decline again.

Demand for containerships also declined significantly during 2008 and 2009. In late 2009 and up to October 1, 2010, however, there has been some improvement on Far East-to-Europe and trans-Pacific container trade lanes, alongside improvements also witnessed on other, non-mainlane, trade routes including certain intra-Asia and North-South trade routes. The decline in freight rates has affected the liner companies to which we seek to charter our containerships, some of which have announced efforts to obtain third party aid in restructuring their obligations. The economics of our business have also been affected negatively by the large number of containership newbuilds ordered prior to the onset of the downturn. Accordingly, weak conditions in the containership sector may affect our ability to generate cash flows and maintain liquidity, as well as adversely affect our ability to obtain financing.

The factors affecting the supply and demand for containerships are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable. The factors that influence demand for containership capacity include:

supply and
demand for
products
shipped in
containers;

changes in
global
production of
products
transported by
containerships;

global and
regional
economic and
political

conditions;

developments
in international
trade;

environmental
and other
regulatory
developments;

the distance
container cargo
products are to
be moved by
sea;

changes in
seaborne and
other
transportation
patterns;

port and canal
congestion; and

currency
exchange rates.

The factors that influence the supply of containership capacity include:

the availability
of financing;

the price of
steel and other
raw materials;

the number of
newbuild
deliveries;

the availability
of shipyard
capacity;

the scrapping
rate of older
containerships;

the number of
containerships
that are out of
service;

changes in
environmental
and other
regulations that
may limit the
useful lives of
containerships;

the price of
fuel; and

the
economics
of slow
steaming.

Consumer confidence and consumer spending deteriorated significantly in 2008 and 2009, and have recovered only modestly thus far in 2010. Our ability to recharter our containerships upon the expiration or termination of their current charters and the charter rates payable under any renewal options or replacement charters will depend upon, among other things, the prevailing state of the containership charter market, which can be affected by consumer demand for products shipped in containers. If the charter market is depressed when our containerships' charters expire, we may be forced to recharter our containerships at reduced or even unprofitable rates, or we may not be able to recharter them at all, which may reduce or eliminate our earnings or make our earnings volatile. The same issues will exist if we acquire additional vessels and attempt to obtain multi-year time charter arrangements as part of our acquisition and financing plan.

Our liner company customers have been placed under significant financial pressure, thereby increasing our charter counterparty risk.

The sharp decline in global economic activity in 2008 and 2009 resulted in a substantial decline in the demand for the seaborne transportation of products in containers, reaching significantly low levels, and has recovered only marginally in the year-to-date. Consequently, the cargo volumes and freight rates achieved by liner companies, with which we expect to charter most of the containerships in our fleet, have declined sharply, reducing liner company profitability and, at times, failing to cover the costs of liner companies operating vessels on their shipping lines. In response to such reduced cargo volume and freight rates, some liner companies may choose to redeploy their larger vessels to minor routes, attempting to fill capacity, reducing the number of smaller vessels used and causing a cascade down to minor trades. As a result, the number of vessels being chartered in by liner companies may decrease.

The reduced demand and resulting financial challenges faced by our liner company customers have significantly reduced demand for containership charters and may increase the likelihood of one or more of our customers being unable or unwilling to pay us contracted charter rates. We expect to generate most of our revenues from these charters and if our charterers fail to meet their obligations to us, we will sustain significant losses which could have a material adverse effect on our financial condition and results of operations.

An oversupply of containership capacity may prolong or further depress the current low charter rates and adversely affect our ability to charter our contracted secondhand containerships or recharter our containerships at profitable rates or at all.

The current size of the containership orderbook is large relative to historical levels and we believe that, despite a decline in orders recorded from 2008 to early 2010, the fulfillment of the containership orderbook will result in an increase in the size of the world containership fleet over the next few years. According to Clarkson Research, as of October 1, 2010, the aggregate capacity of containership newbuilds contracted for construction was 3.84 million TEU, representing approximately 28% of the total fleet by capacity.

On September 23, 2010, we contracted for four 3,351 TEU secondhand containerships, two to be delivered by December 20, 2010 and two by February 28, 2011, each of which currently does not have a time charter. An oversupply of newbuild and/or rechartered containership capacity, combined with a decline in the demand for containerships, may result in a further reduction of charter rates, which could impact the rate at which we are able to charter our contracted secondhand containerships. Moreover, a number of leading liner companies have announced an

intention to reduce the number of vessels they charter-in as part of an effort to reduce the size of their fleets to better align fleet capacity with the reduced demand for the marine transportation of containerized cargo. If the current low charter rate environment persists and global fleet capacity increases due to newbuild deliveries or further redeployment of previously idle containerships, we may be unable to recharter our containerships other than for reduced rates or unprofitable rates or we may not be able to recharter our containerships at all.

Weak economic conditions throughout the world, particularly the Asia Pacific region and recent EU sovereign debt default fears, could have a material adverse effect on our business, financial condition and results of operations.

Negative trends in the global economy emerged in 2008 and continued into 2009, and economic conditions remain relatively weak. The current global recovery is proceeding at varying speeds across regions and is still subject to downside risks stemming from factors like fiscal fragility in advanced economies, highly accommodative macroeconomic policies and persistent difficulties in access to credit. In particular, recent concerns regarding the possibility of sovereign debt defaults by European Union member countries, including Greece, have significantly weakened the Euro, disrupted financial markets throughout the world, and may lead to weaker consumer demand in the European Union, the United States, and other parts of the world. The deterioration in the global economy has caused, and may continue to cause, a decrease in worldwide demand for certain goods shipped in containerized form.

We anticipate that a significant number of port calls made by our containerships will continue to involve the loading or unloading of container cargoes in ports in the Asia Pacific region. In recent years, China has been one of the world's fastest growing economies in terms of gross domestic product, which has had a significant impact on shipping demand. In 2009, growth in China's gross domestic product was 8.7%. However, if China's growth in gross domestic product declines and other countries in the Asia Pacific region experience slowed or negative economic growth in the future, then this may exacerbate the effect of the significant downturns in the economies of the United States and the European Union, and thus, may negatively impact container shipping demand. For example, the possibility of sovereign debt defaults by European Union member countries, including Greece, and the possibility of market reforms to float the Chinese renminbi, either of which development could weaken the Euro against the Chinese renminbi, could adversely affect consumer demand in the European Union. Moreover, the revaluation of the renminbi may negatively impact the United States' demand for imported goods, many of which are shipped from China in containerized form. Such weak economic conditions could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders.

Disruptions in world financial markets and the resulting governmental action in the United States and in other parts of the world could have a material adverse impact on our results of operations, financial condition and cash flows.

The United States and other parts of the world exhibited weak economic trends and were in a recession in 2008 and 2009. For example, the credit markets in the United States have experienced significant contraction, deleveraging and reduced liquidity, and the United States federal government and state governments have implemented and are also considering a broad variety of governmental action and/or new regulation of the financial markets. Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The U.S. Securities and Exchange Commission (SEC), other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and may effect changes in law or interpretations of existing laws.

Global financial markets and economic conditions were severely disrupted and volatile in 2008 and 2009 and, while generally stabilizing in 2010, remain subject to significant vulnerabilities, such as the deterioration of fiscal balances and the rapid accumulation of public debt, continued deleveraging in the banking sector and limited supply of credit. Credit markets and the debt and equity capital markets were exceedingly distressed in 2008 and 2009 and have only marginally rebounded in 2010. The credit crisis in Greece, for example, and concerns over debt levels of certain other European Union member states, has increased volatility in global credit and equity markets. These issues, along with the re-pricing of credit risk and the difficulties currently experienced by financial institutions have made, and will likely continue to make, it difficult to obtain financing. As a result of the disruptions in the credit markets, many lenders have increased interest rates, enacted tighter lending standards, required more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts), or refused to refinance existing debt at all or on terms similar to our current debt. Furthermore, certain banks that have historically been significant lenders to the shipping industry have announced an intention to reduce or cease lending activities in the shipping

industry. New banking regulations, including larger capital

requirements and the resulting policies adopted by lenders, could reduce lending activities. We may experience difficulties obtaining financing commitments or be unable to fully draw on the capacity under our committed revolving credit facility or our committed term loan in the future if our lenders are unwilling to extend financing to us or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. We cannot be certain that financing will be available on acceptable terms or at all. If financing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our future obligations as they come due. Our failure to obtain the funds for these capital expenditures could have a material adverse effect on our business, results of operations and financial condition, as well as our cash flows. In the absence of available financing, we also may be unable to take advantage of business opportunities or respond to competitive pressures.

We are dependent on our charterers fulfilling their obligations under agreements with us, and their inability or unwillingness to honor these obligations could significantly reduce our revenues and cash flow.

We expect that our containerships will continue to be chartered to customers mainly under multi-year fixed rate time charters. Payments to us under those charters are and will be our sole source of operating cash flow. Many of our charterers finance their activities through cash from operations, the incurrence of debt or the issuance of equity. Since 2008, there has been a significant decline in the credit markets and the availability of credit. Additionally, the equity value of many of our charterers has substantially declined. The combination of a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under reserve-based credit facilities and the lack of availability of debt or equity financing may result in a significant reduction in the ability of our charterers to make charter payments to us. Additionally, we could lose a time charter if the charterer exercises certain specified limited rights to terminate the charter.

If we lose a time charter because the charterer is unable to pay us or for any other reason, we may be unable to re-deploy the related vessel on similarly favorable terms or at all. Also, we will not receive any revenues from such a vessel while it is unchartered, but we will be required to pay expenses necessary to maintain and insure the vessel and service any indebtedness on it. The combination of the current surplus of containership capacity and the expected increase in the size of the world containership fleet over the next few years may make it difficult to secure substitute employment for any of our containerships if our counterparties fail to perform their obligations under the currently arranged time charters, and any new charter arrangements we are able to secure may be at lower rates given currently depressed charter rates. Furthermore, the surplus of containerships available at lower charter rates and lack of demand for our customers' liner services could negatively affect our charterers' willingness to perform their obligations under our time charters, which in many cases provide for charter rates significantly above current market rates. Over the past two years the Company has been proactive in working with its charterers to make adjustments to charter agreements that address the needs of both parties. As a result, while we have agreed in certain cases to charter rate re-arrangements entailing reductions for specified periods, we have been compensated for these adjustments by, among other things, subsequent rate increases, so that the aggregate payments under the charters are not materially reduced, and in some cases we also have arranged for term extensions. However, there is no assurance that any future charter re-arrangements will be on similarly favorable terms.

The loss of any of our charterers, time charters or vessels, or a decline in payments under our charters, could have a material adverse effect on our business, results of operations and financial condition, revenues and cash flow and our ability to pay dividends to our stockholders.

A limited number of customers operating in a consolidating industry comprise a large part of our revenues. The loss of these customers could adversely affect our results of operations, cash flows and competitive position.

Our customers in the containership sector consist of a limited number of liner companies. A.P. Moller-Maersk, MSC and COSCO together represented 77.3%, 71.1% and 73.7% of our revenue in 2007, 2008 and 2009, respectively, and 73.9% in the first half of 2010. We expect that a limited number of leading liner companies will continue to generate a substantial portion of our revenues. Some of our liner company customers have publicly acknowledged the financial

difficulties facing them, reported substantial losses in 2009 and announced efforts to obtain third-party aid and restructure their obligations, including under charter contracts. In addition, in recent years there have been significant

examples of consolidation in the container shipping industry; at present, there are over 200 liner companies, but according to Clarkson Research, the top 10 and top 20 companies accounted for approximately 56% and 76% of global liner capacity, respectively, as of October 1, 2010. Also according to Clarkson Research, as of October 1, 2010, A.P. Moller-Maersk's deployed fleet accounted for approximately 13% of the global fleet liner capacity. Financial difficulties in the industry may accelerate the trend toward consolidation. The cessation of business with these liner companies or their failure to fulfill their obligations under the charters for our containerships could have a material adverse effect on our financial condition and results of operations, as well as our cash flows.

A decrease in the level of China's export of goods or an increase in trade protectionism could have a material adverse impact on our charterers' business and, in turn, could cause a material adverse impact on our results of operations, financial condition and cash flows.

China exports considerably more goods than it imports. Our containerships are deployed on routes involving containerized trade in and out of emerging markets, and our charterers' container shipping and business revenue may be derived from the shipment of goods from the Asia Pacific region to various overseas export markets including the United States and Europe. Any reduction in or hindrance to the output of China-based exporters could have a material adverse effect on the growth rate of China's exports and on our charterers' business. For instance, the government of China has recently implemented economic policies aimed at increasing domestic consumption of Chinese-made goods. This may have the effect of reducing the supply of goods available for export and may, in turn, result in a decrease of demand for container shipping. Additionally, though in China there is an increasing level of autonomy and a gradual shift in emphasis to a market economy and enterprise reform, many of the reforms, particularly some limited price reforms that result in the prices for certain commodities being principally determined by market forces, are unprecedented or experimental and may be subject to revision, change or abolition. The level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government.

Our operations expose us to the risk that increased trade protectionism will adversely affect our business. If the incipient global recovery is undermined by downside risks and the recent economic downturn is prolonged, governments may turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing the demand for shipping. Specifically, increasing trade protectionism in the markets that our charterers serve has caused and may continue to cause an increase in: (i) the cost of goods exported from China, (ii) the length of time required to deliver goods from China and (iii) the risks associated with exporting goods from China, as well as a decrease in the quantity of goods to be shipped.

Any increased trade barriers or restrictions on trade, especially trade with China, would have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders.

We conduct a substantial amount of business in China, including through one of our local managers, Shanghai Costamare, a Chinese corporation, and our charter agreements with COSCO. The legal system in China is not fully developed and has inherent uncertainties that could limit the legal protections available to us.

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 commercial laws, and considerable progress has been made in introducing 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. We do a substantial amount of

business in China, including through one of our managers, Shanghai Costamare, a Chinese corporation which operates vessels exclusively manned by Chinese crews under the Hong Kong flag, which exposes

us to potential litigation in China. Additionally, we have charters with COSCO, a Chinese corporation, and though these charters are governed by English law, we may have difficulties enforcing a judgment rendered by an English court (or other non-Chinese court) in China.

Our contracts for three newbuild containerships that we entered into in September 2010 are conditioned on our obtaining certain financing prior to November 30, 2010.

Our contracts for the acquisition of three new newbuild containerships will terminate, without further liability for us or the seller, if we do not complete certain debt financing arrangements by November 30, 2010. See

Business Fleet Characteristics and Business Overview Recent Developments . While we are actively working to complete the required financing arrangements prior to that deadline, there is no assurance that this will occur, or that we would be able to obtain satisfactory substitute financing.

Our ability to obtain additional debt financing for future acquisitions of vessels may be dependent on the performance of our then existing charters and the creditworthiness of our charterers.

We intend to borrow against unencumbered containerships in our existing fleet and vessels we may acquire in the future as part of our growth plan. The actual or perceived credit quality of our charterers, and any defaults by them, may materially affect our ability to obtain the additional capital resources that we will require to purchase additional vessels or may significantly increase our costs of obtaining such capital. Our inability to obtain additional financing or committing to financing on unattractive terms could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders.

Our ability to pay dividends may be limited by the amount of cash we generate from operations following the payment of fees and expenses, by the establishment of any reserves, by restrictions in our debt instruments and by additional factors unrelated to our profitability.

We intend to pay regular quarterly dividends. The declaration and payment of dividends, if any, is subject to the discretion of our board of directors and the requirements of Marshall Islands law. The timing and amount of any dividends declared will depend on, among other things: (a) our earnings, financial condition, cash flow and cash requirements, (b) our liquidity, including our ability to obtain debt and equity financing on acceptable terms as contemplated by our vessel acquisition strategy, (c) restrictive covenants in our existing and future debt instruments and (d) provisions of Marshall Islands law governing the payment of dividends.

The international containership industry is highly volatile, and we cannot predict with certainty the amount of cash, if any, that will be available for distribution as dividends in any period. Also, there may be a high degree of variability from period to period in the amount of cash, if any, that is available for the payment of dividends. The amount of cash we generate from operations and the actual amount of cash we will have available for dividends will vary based upon, among other things:

the charter hire
payments we
obtain from our
charters as well
as the rates
obtained upon
the expiration
of our existing
charters;

our fleet
expansion
strategy and
associated uses
of our cash and
our financing
requirements;

delays in the
delivery of new
vessels and the
beginning of
payments under
charters
relating to
those vessels;

the level of our
operating costs,
such as the
costs of crews,
lubricants and
insurance;

the number of
unscheduled
off-hire days
for our fleet
and the timing
of, and number
of days
required for,
scheduled
drydocking of
our
containerships;

prevailing
global and
regional
economic and
political
conditions;

changes in
interest rates;

the effect of
governmental
regulations and
maritime

self-regulatory
organization
standards on
the conduct of
our business;

changes in the
basis of
taxation of our
activities in
various
jurisdictions;

modification or
revocation of
our dividend
policy by our
board of
directors; and

the amount of
any cash
reserves
established by
our board of
directors.

The amount of cash we generate from our operations may differ materially from our net income or loss for the period, which will be affected by non-cash items. We may incur other expenses or liabilities that could reduce or eliminate the cash available for distribution as dividends.

In addition, our credit facilities and other financing agreements prohibit the payment of dividends, if an event of default has occurred and is continuing or would occur as a result of the payment of such dividends.

For more information regarding our financing arrangements, please read Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources and Description of Indebtedness .

In addition, Marshall Islands law generally prohibits the payment of dividends other than from surplus (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 if it would be rendered insolvent by the payment of such a dividend. We may not have sufficient surplus or net profits in the future to pay dividends, and our subsidiaries may not have sufficient funds, surplus or net profits to make distributions to us. As a result of these and the other factors mentioned above, we may pay dividends during periods when we record losses and may not pay dividends during periods when we record net income. We can give no assurance that dividends will be paid in the future.

We may have difficulty properly managing our growth through acquisitions of new or secondhand vessels and we may not realize expected benefits from these acquisitions, which may negatively impact our cash flows, liquidity and our ability to pay dividends to our stockholders.

We intend to grow our business by ordering newbuilds and through selective acquisitions of high-quality secondhand vessels. Our future growth will primarily depend on:

- the operations of the shipyards that build any newbuilds we may order;

- locating and identifying suitable high-quality secondhand vessels;

- obtaining required financing on acceptable terms;

- consummating vessel acquisitions;

enlarging our
customer
base;

hiring
additional
shore-based
employees
and seafarers;
and

managing
joint ventures
or significant
acquisitions.

In addition, any vessel acquisition may not be profitable at or after the time of acquisition and may not generate cash flows sufficient to justify the investment. Other risks associated with vessel acquisitions that may harm our business, financial condition and operating results include the risks that we may:

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

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

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

acquisitions;

significantly
increase our
interest
expense or
financial
leverage if we
incur
additional debt
to finance
acquisitions;

incur or
assume
unanticipated
liabilities,
losses or costs
associated with
any vessels or
businesses
acquired; or

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

Unlike newbuilds, secondhand vessels typically do not carry warranties as to their condition. While we generally inspect existing vessels prior to purchase, such an inspection would normally not provide us with as much knowledge of a vessel's condition as we would possess if it had been built for us and

operated by us during its life. Repairs and maintenance costs for secondhand vessels are difficult to predict and may be substantially higher than for vessels we have operated since they were built. These costs could decrease our cash flows, liquidity and our ability to pay dividends to our stockholders.

Rising crew and other vessel operating costs may adversely affect our profits.

Acquiring and renewing long-term time charters with leading liner companies depends on a number of factors, including our ability to man our containerships with suitably experienced, high-quality masters, officers and crews. In recent years, the limited supply of and increased demand for well-qualified crew, due to the increase in the size of the global shipping fleet, has created upward pressure on crewing costs, which we generally bear under our time charters. Increases in crew costs and other vessel operating costs such as insurance, repairs and maintenance, and lubricants may adversely affect our profitability. In addition, if we cannot retain sufficient numbers of quality on-board seafaring personnel, our fleet utilization will decrease, which could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders.

Rising fuel prices may adversely affect our profits.

The cost of fuel is a significant factor in negotiating charter rates and will be borne by us when our containerships are employed on voyage charters or contracts of affreightment. We currently have no voyage charters or contracts of affreightment, but we may enter into such arrangements in the future, and to the extent we do so, an increase in the price of fuel beyond our expectations may adversely affect our profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geo-political developments, supply and demand for oil, actions by members of the OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations.

We must make substantial capital expenditures to maintain the operating capacity of our fleet and acquire vessels, which may reduce or eliminate the amount of cash for dividends to our stockholders.

We must make substantial capital expenditures to maintain the operating capacity of our fleet and we generally expect to finance these maintenance capital expenditures with cash balances or credit facilities. In addition, we will need to make substantial capital expenditures to acquire vessels in accordance with our growth strategy. Expenditures could increase as a result of, among other things, the cost of labor and materials, customer requirements and governmental regulations and maritime self-regulatory organization standards relating to safety, security or the environment. Significant capital expenditures, including to maintain the operating capacity of our fleet, may reduce or eliminate the amount of cash available for distribution to our stockholders.

The aging of our fleet may result in increased operating costs in the future, which could adversely affect our earnings.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. As our fleet ages, we will incur increased costs. Older vessels may require longer drydockings, resulting in more off-hire days and reduced revenue. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates may also increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations and safety or other equipment standards related to the age of a vessel may also require expenditures for alterations or the addition of new equipment to our vessels and may restrict the type of activities in which our containerships may engage. Our current fleet of 41 containerships as of October 15, 2010 had an average age (weighted by TEU capacity) of 12.5 years, five of which are over 30 years old. We cannot assure you that, as our vessels age, market conditions will justify such expenditures or will enable us to profitably operate our older vessels.

Unless we set aside reserves or are able to borrow funds for vessel replacement, at the end of the useful lives of our vessels our revenue will decline, which would adversely affect our business, results of operations and financial condition.

Our current fleet of 41 containerships as of October 15, 2010 had an average age (weighted by TEU capacity) of 12.5 years, five of which are over 30 years old. Unless we maintain reserves or are able to borrow or raise funds for vessel replacement we will be unable to replace the older vessels in

our fleet. Our cash flows and income are dependent on the revenues earned by the chartering of our containerships. The inability to replace the vessels in our fleet upon the expiration of their useful lives could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders. Any reserves set aside for vessel replacement will not be available for dividends.

Containership values have recently decreased significantly, and may remain at these depressed levels, or decrease further, and over time may fluctuate substantially. If these values are low at a time when we are attempting to dispose of a vessel, we could incur a loss.

Containership values, which have recently decreased significantly, can fluctuate substantially over time due to a number of different factors, including:

prevailing
economic
conditions in
the markets in
which
containerships
operate;

a substantial or
extended
decline in
world trade;

increases in
the supply of
containership
capacity;

prevailing
charter rates;
and

the cost of
retrofitting or
modifying
existing ships
to respond to
technological
advances in
vessel design
or equipment,
changes in
applicable
environmental
or other
regulations or
standards, or
otherwise.

If the market values of our vessels further deteriorate, we may be required to record an impairment charge in our financial statements, which could adversely affect our results of operations. In addition, any such deterioration in the market values of our vessels could trigger a breach under our credit facilities, which could adversely affect our operations. If a charter expires or is terminated, we may be unable to recharter the vessel at an acceptable rate and, rather than continue to incur costs to maintain the vessel, may seek to dispose of it. Our inability to dispose of the containership at a reasonable price could result in a loss on its sale and adversely affect our results of operations and financial condition.

Our growth depends on our ability to expand relationships with existing charterers and to obtain new time charters, for which we will face substantial competition from new entrants and established companies with significant resources.

One of our principal objectives is to acquire additional containerships in conjunction with entering into additional multi-year time charters for these vessels. The process of obtaining new multi-year time charters is highly competitive and generally involves an intensive screening process and competitive bids, and often extends for several months. Generally, we compete for charters based upon charter rate, customer relationships, operating expertise, professional reputation and containership specifications, including size, age and condition.

In addition, as vessels age, it can be more difficult to employ them on profitable time charters, particularly during periods of decreased demand in the charter market. Accordingly, we may find it difficult to continue to find profitable employment for our older vessels, including the five vessels in our fleet over 30 years of age as of October 15, 2010.

We face substantial competition from a number of experienced companies, including state-sponsored entities. Some of these competitors have significantly greater financial resources than we do, and can therefore operate larger fleets and may be able to offer better charter rates. We also anticipate that an increasing number of marine transportation companies will enter the containership sector, including many with strong reputations and extensive resources and experience. This increased competition may cause greater price competition for time charters, as well as for the acquisition of high-quality secondhand vessels and newbuilds. Further, since the charter rate is generally considered to be one of the principal factors in a charterer's decision to charter a vessel, the rates offered by these sizeable competitors can place downward pressure on rates throughout the charter market. As a result of these factors, we may be unable to expand our relationships with existing customers or to obtain new customers on a profitable basis, if at all, which could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders.

Due to our lack of diversification, adverse developments in the containership transportation business could reduce our ability to service our debt obligations and pay dividends to our stockholders.

We rely exclusively on the cash flow generated from charters for our containerships. Due to our lack of diversification, an adverse development in the container shipping industry, which has been experiencing weakness since the middle of 2008, would have a significantly greater impact on our financial condition and results of operations than if we maintained more diverse assets or lines of business. An adverse development could also impair our ability to service debt or pay dividends to our stockholders.

We may have more difficulty entering into multi-year, fixed-rate time charters if a more active short-term or spot container shipping market develops.

One of our principal strategies is to enter into multi-year, fixed-rate time charters in both strong and weak charter rate environments, although in weaker charter rate environments we would generally expect to target somewhat shorter charter terms. If more containerships become available for the spot or short-term charter market, we may have difficulty entering into additional multi-year, fixed-rate time charters for our containerships due to the increased supply of containerships and the possibility of lower rates in the spot market. As a result, we will then have to charter more of our containerships for shorter periods and our revenues, cash flows and profitability could then reflect, to some degree, fluctuations in the short-term charter market.

We are a holding company and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations and to make dividend payments.

We are a holding company and our subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to pay our obligations and to make dividend payments depends entirely on our subsidiaries and their ability to distribute funds to us. The ability of a subsidiary to make these distributions could be affected by a claim or other action by a third party, including a creditor, or by the law of their respective jurisdictions of incorporation which regulates the payment of dividends. If we are unable to obtain funds from our subsidiaries, our board of directors may exercise its discretion not to declare or pay dividends.

We may be unable to draw down the full amount of our committed credit facilities if the market value of our vessels declines.

As of June 30, 2010, we had \$74.2 million of undrawn borrowing capacity under our committed revolving credit facility. On September 16, 2010, we obtained a commitment letter for a \$120.0 million term facility, subject to execution of definitive documentation and conditioned upon the closing of this offering. If the market value of our fleet declines, we may default under our credit facilities, in which case we may not be able to draw down the full amount available to us, obtain additional financing, refinance our debt, or incur debt on terms that are acceptable to us.

Our credit facilities or other financing arrangements contain payment obligations and restrictive covenants that may limit our liquidity and our ability to expand our fleet. A failure by us to meet our obligations under our credit facilities could result in an event of default under such credit facilities and foreclosure on our vessels.

Our credit facilities impose certain operating and financial restrictions on us. These restrictions in our existing credit facilities generally limit Costamare Inc., and our subsidiaries' ability to, among other things:

pay
dividends if
an event of

default has
occurred and
is continuing
or would
occur as a
result of the
payment of
such
dividends;

purchase or
otherwise
acquire for
value any
shares of the
subsidiaries
capital;

make or
repay loans
or advances,
other than
repayment of
the credit
facilities;

make
investments
in other
persons;

sell or
transfer
significant
assets,
including
any vessel or
vessels
mortgaged
under the
credit
facilities, to
any person,
including
Costamare
Inc. and our
subsidiaries;

create liens
on their
assets; or

allow the
Konstantakopoulos
family's direct or
indirect holding in
Costamare Inc. to
fall below 40% of
the total issued
share capital.

Our existing credit facilities also require Costamare Inc. and certain of our subsidiaries to maintain specified loan to value ratios as summarized below:

under our \$1
billion credit
facility, as
amended by a
supplemental
agreement
dated June
22, 2010,
Costamare
Inc. may not
allow the
aggregate of
(a) the
aggregate
market value,
primarily on a
charter
inclusive
basis, of the
mortgaged
vessels under
this facility,
(b) the market
value of any
additional
security
provided to
the lender,
and (c)
(during the
waiver period
only, as
described
below) the
aggregate
minimum
cash amount
equal to 3%

of the loan
outstanding
to fall below
80% during a
waiver period
extending
through
December 31,
2011, and
thereafter,
125% of the
aggregate of
the term loan,
the revolving
advances and
the swap
exposure; or

under certain
of our
subsidiaries
credit
facilities,
each with
Costamare
Inc. as
guarantor, we
may not
allow the
aggregate of
(a) the
aggregate
market value,
primarily on
an inclusive
charter basis,
of the
mortgaged
vessel or
vessels, and
(b) the market
value of any
additional
security
provided to
the lender to
fall below a
percentage
ranging
between
110% to

125% of the
then
outstanding
amount of the
credit facility
and any
related swap
exposure.

Costamare Inc. is required to maintain compliance with the following financial covenants:

the ratio of
our total
liabilities
(after
deducting all
cash and
cash
equivalents)
to market
value
adjusted
total assets
(after
deducting all
cash and
cash
equivalents)
may not
exceed
0.75:1;

the ratio of
EBITDA
over net
interest
expense
must be
equal to or
higher than
2.5:1;

the
aggregate
amount of
all cash and
cash
equivalents
may not be
less than the
greater of (i)

\$30 million
or (ii) 3% of
the total
debt,
provided,
however,
that a
minimum
cash amount
equal to 3%
of the loan
outstanding
must be
maintained
in the
accounts of
the
borrower;
and

the market
value
adjusted net
worth must
at all times
exceed \$500
million.

See both "Description of Indebtedness" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Credit Facilities" for more information about our credit facilities. A failure to meet our payment and other obligations could lead to defaults under our credit facilities. Our lenders could then accelerate our indebtedness and foreclose on the vessels in our fleet securing those credit facilities, which could result in the acceleration of other indebtedness that we may have at such time and the commencement of similar foreclosure proceedings by other lenders. The loss of these vessels would have a material adverse effect on our operating results and financial condition.

Substantial debt levels could limit our flexibility to obtain additional financing and pursue other business opportunities.

As of June 30, 2010, we had outstanding indebtedness of \$1.4 billion and we expect to incur additional indebtedness as we grow our fleet. This level of debt could have important consequences to us, including the following:

our ability to
obtain
additional
financing for
working
capital,
capital
expenditures,
acquisitions

or other
purposes may
be impaired
or such
financing
may be
unavailable
on favorable
terms;

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

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

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

Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating income is not sufficient to service our current or future indebtedness, 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. We may not be able to effect any of these remedies on satisfactory terms, or at all.

The derivative contracts we have entered into to hedge our exposure to fluctuations in interest rates could result in higher than market interest rates and reductions in our stockholders' equity, as well as charges against our income.

We have entered into interest rate swaps, in an aggregate notional amount of approximately \$1.4 billion as of June 30, 2010, generally for purposes of managing our exposure to fluctuations in interest rates applicable to indebtedness under our credit facilities which were advanced at floating rates based on LIBOR. We have also entered into certain currency hedges. There is no assurance that our derivative contracts will provide adequate protection against adverse changes in interest rates or currency exchange ratios or that our bank counterparties will be able to perform their obligations.

To the extent our existing interest rate swaps do not, and future derivative contracts may not, qualify for treatment as hedges for accounting purposes we would recognize fluctuations in the fair value of such contracts in our income statement. In addition, changes in the fair value of our derivative contracts are recognized in Accumulated Other Comprehensive Loss on our balance sheet, and can affect compliance with the net worth covenant requirements in our credit facilities. Changes in the fair value of our derivative contracts that do not qualify for treatment as hedges for accounting and financial reporting purposes affect, among other things, our net income, earnings per share and EBITDA coverage ratio. See Management's Discussion and Analysis of Financial Condition and Results of Operations Quantitative and Qualitative Disclosures About Market Risk Interest Rate Risk .

Because we generate all of our revenues in United States dollars but incur a significant portion of our expenses in other currencies, exchange rate fluctuations could hurt our results of operations.

We generate all of our revenues in United States dollars and for the year ended December 31, 2009, we incurred a substantial portion of our vessels' operating expenses in currencies other than United States dollars. This difference could lead to fluctuations in net income due to changes in the value of the United States dollar relative to other currencies, in particular the Euro. Expenses incurred in foreign currencies against which the United States dollar falls in value could increase, thereby decreasing our net income. While we have hedged some of this exposure, our U.S. dollar denominated results of operations and financial condition and ability to pay dividends could suffer from adverse currency exchange rate movements. In October 2010, the United States dollar fell toward an eight-month low against the Euro. While we believe that we are adequately hedged against this exposure through 2011, future declines in the U.S. dollar versus the Euro could have a material effect on our operating expenses and net income.

Increased competition in technology and innovation could reduce our charter hire income and the value of our vessels.

The charter 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 and fuel economy. 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 that we receive for our containerships once their current charters expire and the resale value of our containerships. This could adversely affect our ability to service our debt or pay dividends to our stockholders.

We are subject to regulation and liability under environmental and operational safety laws that could require significant expenditures and affect our cash flows and net income.

Our business and the operation of our vessels are materially affected by environmental regulation in the form of international, national, state and local laws, regulations, conventions, treaties and standards in force in international waters and the jurisdictions in which our containerships operate, as well as in the country or countries of their registration, including those governing the management and

disposal of hazardous substances and wastes, the cleanup of oil spills and other contamination, air emissions, water discharges and ballast water management. Because such conventions, laws and regulations are often revised, it is difficult to predict the ultimate cost of compliance with such requirements or their impact on the resale value or useful lives of our containerships.

Environmental requirements can also affect the resale value or useful lives of our vessels, require a reduction in cargo capacity, vessel modifications or operational changes or restrictions, lead to decreased availability of, or more costly insurance coverage for, environmental matters or result in the denial of access to certain jurisdictional waters or ports. Under local, national and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including cleanup obligations and claims for natural resource damages, personal injury and/or property damages in the event that there is a release of petroleum or other hazardous materials from our vessels or otherwise in connection with our operations. Violations of, or liabilities under, environmental requirements can result in substantial penalties, fines and other sanctions, including criminal sanctions, and, in certain instances, seizure or detention of our containerships. Events of this nature or additional environmental conventions, laws and regulations could have a material adverse effect on our financial condition, results of operations and ability to pay dividends to our stockholders.

The operation of vessels is also affected by the requirements set forth in the International Safety Management Code (the ISM Code). The ISM Code requires vessel owners and managers to develop and maintain an extensive Safety Management System that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe vessel operation and describing procedures for dealing with emergencies. Failure to comply with the ISM Code may subject us to increased liability, may decrease or suspend available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports. Each of the containerships in our fleet and each of our three managers are ISM Code-certified. However, there can be no assurance that such certifications can be maintained indefinitely.

Governmental regulation of the shipping industry, particularly in the areas of safety and environmental requirements, can be expected to become stricter in the future. In addition, we believe that the heightened environmental, quality and security concerns of insurance underwriters, regulators and charterers will lead to additional requirements, including enhanced risk assessment and security requirements and greater inspection and safety requirements for vessels. In complying with new environmental laws and regulations and other requirements that may be adopted, we may have to incur significant capital and operational expenditures to keep our containerships in compliance, or even to scrap or sell certain containerships altogether.

For additional information on these and other environmental requirements, you should carefully review the information contained in Business Environmental and Other Regulations.

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

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

Since the events of September 11, 2001, United States authorities have more than doubled container inspection rates to over 5% of all imported containers. Government investment in non-intrusive container scanning technology has grown and there is interest in electronic monitoring technology, including so-called e-seals and smart containers, that would enable remote, centralized monitoring of containers during shipment to identify tampering with or opening of the containers, along with potentially measuring other characteristics such as temperature, air pressure, motion, chemicals, biological agents and radiation. Also, as a response to the events of September 11, 2001, additional vessel

security requirements have been imposed, including the installation of security alert and automatic identification systems on board vessels.

It is unclear what additional changes, if any, to the existing inspection and security procedures may ultimately be proposed or implemented in the future, or how any such changes will affect the industry.

It is possible that such changes could impose additional financial and legal obligations on us. Furthermore, changes to inspection and security procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of goods in containers uneconomical or impractical. Any such changes or developments could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders.

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

A government of the jurisdiction where one or more of our containerships are registered could requisition for title or seize our containerships. Requisition for title occurs when a government takes control of a vessel and becomes its 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, although governments may elect to requisition vessels in other circumstances. Although we would expect to be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment, if any, would be uncertain. Government requisition of one or more of our containerships may cause us to breach covenants in certain of our credit facilities, and could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders.

Terrorist attacks, international hostilities and piracy could adversely affect our results of operations and financial condition.

Terrorist attacks such as the attacks on the United States on September 11, 2001 and more recent attacks in other parts of the world, and the continuing response of the United States and other countries to these attacks, as well as the threat of future terrorist attacks, continue to cause uncertainty in the world financial markets and may affect our business, results of operations and financial condition. The current conflict in Afghanistan, and continuing hostilities in the Middle East, may lead to additional acts of terrorism, regional conflict and other armed conflicts around the world, which may contribute to further economic instability in the global financial markets. In addition, political tensions or conflicts in the Asia Pacific Region may reduce the demand for our services. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us, or at all.

In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea and the Gulf of Aden. Terrorist attacks targeted at vessels, such as the October 2002 attack in Yemen on the *VLCC Limburg*, a ship not related to us, may in the future also negatively affect our operations and financial condition and directly impact our containerships or our customers. Future terrorist attacks could result in increased volatility of the financial markets in the United States or globally, and could result in an economic recession affecting the United States or the entire world. Since 2008, the frequency of piracy incidents against commercial shipping vessels has increased significantly, particularly in the Gulf of Aden off the coast of Somalia. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on our results of operations, financial condition and ability to pay dividends. In addition, crew costs, including those due to employing onboard security guards, could increase in such circumstances. Any of these occurrences could have a material adverse effect on our financial condition, results of operations and ability to pay dividends to our stockholders.

Changing economic, political and governmental conditions in the countries where our containerships call or where our containerships are registered could also affect us. In addition, future hostilities or other political instability in regions where our vessels trade could also affect trade patterns and adversely affect our operations and performance.

Risks inherent in the operation of ocean-going vessels could affect our business and reputation, which could adversely affect our expenses, net income and stock price.

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 loss or
damage;

business
interruptions
caused by
mechanical
failure, human
error, war,
terrorism,
political action
in various
countries, or
adverse
weather
conditions; and

work stoppages
or other labor
problems with
crew members
serving on our
containerships,
some of whom
are unionized
and covered by
collective
bargaining
agreements.

Such occurrences could result in death or injury to persons, loss of property or environmental damage, delays in the delivery of cargo, loss of revenues 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. Although we maintain hull and machinery and war risks insurance, as well as protection and indemnity insurance, which may cover certain risks of loss resulting from such occurrences, our insurance coverage may be subject to caps or not cover such losses, and any of these circumstances or events could increase our costs or lower our revenues. The involvement of our vessels in an environmental disaster may harm our reputation as a safe and reliable vessel owner and operator.

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

The operation of any vessel includes risks such as mechanical failure, collision, fire, contact with floating objects, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries,

hostilities and labor strikes. In addition, there is always an inherent possibility of a marine disaster, including oil spills and other environmental mishaps. There are also liabilities arising from owning and operating vessels in international trade. We procure insurance for our fleet of containerships in relation to risks commonly insured against by vessel owners and operators. Our current insurance includes (i) hull and machinery insurance covering damage to our and third-party vessels' hulls and machinery from, among other things, collisions and contact with fixed and floating objects, (ii) war risks insurance covering losses associated with the outbreak or escalation of hostilities and (iii) protection and indemnity insurance (which includes environmental damage) covering, among other things, third-party and crew liabilities such as expenses resulting from the injury or death of crew members, passengers and other third parties, the loss or damage to cargo, third-party claims arising from collisions with other vessels, damage to other third-party property and pollution arising from oil or other substances.

We can give no assurance that we are adequately insured against all risks or that our insurers will pay a particular claim. Even if our insurance coverage is adequate to cover our losses, we may not be able to obtain a timely replacement containership in the event of a loss of a containership. Under the terms of our credit facilities, we are subject to restrictions on the use of any proceeds we may receive from claims under our insurance policies. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. For example, more stringent environmental regulations have led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. We may also be subject to 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 through which we receive indemnity insurance coverage. Our insurance policies also contain deductibles, limitations and exclusions which, although we believe are standard in the shipping industry, may nevertheless increase our costs. A catastrophic oil spill or marine disaster could exceed our insurance coverage, which could harm our business, financial condition and operating results and our ability to pay dividends to our stockholders. Any uninsured or underinsured loss could harm our business and financial condition. In addition, the insurance may be voidable by the insurers as a result of certain actions, such as vessels failing to maintain required certification.

In addition, we do not carry loss of hire insurance. Loss of hire insurance covers the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents. Accordingly, any loss of a vessel or any extended period of

vessel off-hire, due to an accident or otherwise, could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders.

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

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel. The arrest or attachment of one or more of our vessels, if such arrest or attachment is not timely discharged, could cause us to default on a charter, breach covenants in certain of our credit facilities, interrupt our cash flows and could require us to pay large sums of money to have the arrest or attachment lifted.

In addition, in some jurisdictions, such as South Africa, under the sister ship theory of liability, a claimant may arrest both the vessel that is subject to the claimant's maritime lien and any associated vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert sister ship liability against one containership in our fleet for claims relating to another of our containerships.

Compliance with safety and other requirements imposed by classification societies may be very costly and may adversely affect our business.

The hull and machinery of every commercial vessel must be classed by a classification society. The classification society certifies that the vessel has been built and maintained in accordance with the applicable rules and regulation of the classification society. Moreover, every vessel must comply with any applicable international conventions and the regulations of the vessel's flag state as verified by a classification society. Finally, each vessel must successfully undergo periodic surveys, including annual, intermediate and special surveys.

If any vessel does not maintain its class, it will lose its insurance coverage and be unable to trade, and the vessel's owner will be in breach of relevant covenants under its financing arrangements. Failure to maintain the class of one or more of our containerships could have a material adverse effect on our financial condition and results of operations, as well as our cash flows.

Our business depends upon certain members of our senior management who may not necessarily continue to work for us.

Our future success depends to a significant extent upon our chairman and chief executive officer, Konstantinos Konstantakopoulos, certain members of our senior management and our managers. Mr. Konstantakopoulos has substantial experience in the container shipping industry and has worked with us and our managers for many years. He, our managers and certain of our senior management team are crucial to the execution of our business strategies and to the growth and development of our business. If these individuals were no longer to be affiliated with us or our managers, or if we were to otherwise cease to receive services from them, we may be unable to recruit other employees with equivalent talent and experience, which could have a material adverse effect on our financial condition and results of operations.

Our arrangements with our chief executive officer restricting his ability to compete with us, like restrictive covenants generally, may be unenforceable.

Konstantinos Konstantakopoulos, our chairman and chief executive officer, has entered into a restrictive covenant agreement with us, which is governed by English law, and under which, except for in certain limited circumstances, he is precluded during the term of his service and for six months thereafter from owning containerships and from acquiring or investing in a business that owns such vessels. English law generally does not favor the enforcement of such restrictions which are considered contrary to public policy and facially are void for being in restraint of trade.

Our ability to enforce these restrictions, should it ever become necessary, will depend upon us establishing that we have a legitimate proprietary interest that is appropriate to protect, and that the protection sought is no more than is reasonable, having regard to the interests of the parties and the public interest. We cannot give any assurance that a court would enforce the restrictions as written by way of an injunction or that we could necessarily establish a case for damages as a result of a violation of the restrictive covenants agreement.

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

Pursuant to the group management agreement and the individual ship management agreements, our managers and their affiliates may provide us with certain of our officers and will provide us with, among other things, certain commercial, technical and administrative services. See Business Management of the Company and Our Fleet . Our operational success will depend significantly upon our managers' satisfactory performance of these services.

Costamare Shipping, one of our managers, also owns the Costamare trademarks, which consist of the name

COSTAMARE and the Costamare logo, and has agreed to license each trademark to us on a royalty free basis for the life of the group management agreement. If the management agreement were to be terminated or if its terms were to be altered, our business could be adversely affected, as we may not be able to immediately replace such services, and even if replacement services were immediately available, the terms offered could be less favorable than the ones currently offered by our managers.

Our ability to compete for and enter into new time charters and to expand our relationships with our existing charterers will depend largely on our relationship with our managers and their reputation and relationships in the shipping industry. If our managers suffer material damage to their reputation or relationships, it may harm our ability to:

renew
existing
charters upon
their
expiration;

obtain new
charters;

successfully
interact with
shipyards
during periods
of shipyard
construction
constraints;

obtain
financing and
other
contractual
arrangements
with third
parties on
commercially
acceptable
terms
(therefore
potentially
increasing
operating

expenditure
for the fleet);

maintain
satisfactory
relationships
with our
charterers and
suppliers; or

successfully
execute our
business
strategies.

If our ability to do any of the things described above is impaired, it could have a material adverse effect on our financial condition and results of operations, as well as our cash flows.

Our managers are privately held companies and there is little or no publicly available information about them.

The ability of our managers to continue providing services for our benefit will depend in part on their own financial strength. Circumstances beyond our control could impair our managers' financial strength, and because they are privately held companies, information about their financial strength is not available. As a result, an investor in our stock might have little advance warning of problems affecting any of our managers, even though these problems could have a material adverse effect on us. As part of our reporting obligations as a public company, we will disclose information regarding our managers that has a material impact on us to the extent that we become aware of such information.

Our chairman and chief executive officer has affiliations with our managers which could create conflicts of interest between us and our managers.

The management agreement is between us and Costamare Shipping, which is controlled by our chairman and chief executive officer, Konstantinos Konstantakopoulos. While we believe that the terms of the management agreement are consistent with normal commercial practice of the industry, the agreement was not negotiated at arms-length by non-related parties. Accordingly, the terms may be less favorable to the Company than if such terms were obtained from a non-related third party. Additionally, Konstantinos Konstantakopoulos will continue to directly or indirectly control our managers after the offering and will continue to be our chairman and chief executive officer and the owner of approximately 25.7% of our common stock (assuming the underwriters' over-allotment option is not exercised), and this relationship could create conflicts of interest between us, on the one hand, and our managers, on the other hand. These conflicts, which are addressed in the management agreement, may arise in connection with the chartering, purchase, sale and operation of the vessels in our fleet versus vessels owned or chartered-in by other companies affiliated with our managers or our chairman and chief executive officer. These conflicts of interest may have an adverse effect on our

results of operations. See Our Managers and Management - Related Agreement and Related Party Transactions .

CIEL and Shanghai Costamare, two of our managers, are not prohibited from providing management services to vessels owned by third parties.

CIEL and Shanghai Costamare, two of our managers, will not be prohibited from providing management services to vessels owned by third parties, including related parties. CIEL and Shanghai Costamare have only provided services to third parties in a limited number of cases in the past and currently only CIEL provides services to two third party vessels (one vessel owned 51% by Konstantinos Konstantakopoulos and 49% by the family of the co-owner and chief executive officer of CIEL, and the second vessel wholly owned by the family of the co-owner and chief executive officer of CIEL). If either CIEL or Shanghai Costamare engages in this activity in the future, it could give rise to conflicts of interest or adversely affect the ability of these companies to provide the level of service that we require. Conflicts of interest with respect to certain services, including sale and purchase and chartering activities, among others, may have an adverse effect on our results of operations.

Our vessels may call on ports located in countries that are subject to restrictions imposed by the United States government, which could negatively affect the trading price of our shares of common stock.

From time to time on charterers' instructions, our vessels have called and may again call on ports located in countries subject to sanctions and embargoes imposed by the United States government and countries identified by the United States government as state sponsors of terrorism. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. In 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act (CISADA), which expanded the scope of the former Iran Sanctions Act. Among other things, CISADA expands the application of the prohibitions to non-U.S. companies, such as the Company, and introduces limits on the ability of companies and persons to do business or trade with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products.

From January 2006 through June 2010, vessels in our fleet made a total of 109 calls to ports in Iran, Syria, Sudan and Cuba, representing approximately 0.6% of our 18,000 calls on worldwide ports. Although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines or other penalties and could result in some investors deciding, or being required, to divest their interest, or not to invest, in the Company. Additionally, some investors may decide to divest their interest, or not to invest, in the Company simply because we do business with companies that do business in sanctioned countries. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. Investor perception of the value of our common stock may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

We are a Marshall Islands corporation, and the Marshall Islands does not have a well developed body of corporate law or a bankruptcy act, and, as a result, stockholders may have fewer rights and protections under Marshall Islands law than under the laws of a jurisdiction in the United States.

Our corporate affairs are governed by our articles of incorporation and bylaws and by the Marshall Islands Business Corporations Act (the BCA). The provisions of the BCA are similar to provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the law 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. Stockholder rights may differ as well. While the BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, our public stockholders may have more difficulty in protecting their interests in the face of

actions by the management, directors or controlling stockholders than would stockholders of a corporation incorporated in a U.S. jurisdiction. For more information with respect to how stockholder rights under Marshall Islands law compare with stockholder rights under Delaware law, please read [Marshall Islands Company Considerations](#) .

The Marshall Islands has no established bankruptcy act, and as a result, any bankruptcy action involving our company would have to be initiated outside the Marshall Islands, and our public stockholders may find it difficult or impossible to pursue their claims in such other jurisdictions.

It may be difficult or impossible to enforce service of process and enforcement of judgments against us and our officers and directors.

We are a Marshall Islands corporation and all our subsidiaries are, and will likely be, incorporated in jurisdictions outside the United States. In addition, our executive offices are located outside of the United States in Athens, Greece. All of our directors and officers reside outside of the United States, and all or a substantial portion of our assets and the assets of most of our officers and directors are, and will likely be, located outside of the United States. As a result, it may be difficult or impossible for U.S. investors to serve legal process within the United States upon us or any of these persons or to enforce a judgment against us for civil liabilities in U.S. courts. In addition, you should not assume that courts in the countries in which we or our subsidiaries are incorporated or where our or our subsidiaries' assets are located (1) would enforce judgments of U.S. courts obtained in actions against us or our subsidiaries based upon the civil liability provisions of applicable U.S. Federal and state securities laws or (2) would enforce, in original actions, liabilities against us or our subsidiaries based on those laws. Please read [Enforceability of Civil Liabilities](#) .

There is also substantial doubt that the courts of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on U.S. Federal or state securities laws.

Risks Relating to the Offering

There is no guarantee that an active and liquid public market will develop for you to resell our common stock.

Prior to this offering, there has not been a public market for our common stock. A liquid trading market for our common stock may not develop. If an active, liquid trading market does not develop, you may have difficulty selling any of our common stock you buy. The initial public offering price will be determined in negotiations between the representatives of the underwriters and us and may not be indicative of prices that will prevail in the trading market.

The price of our common stock after this offering may be volatile.

The price of our common stock after this offering may be volatile and may fluctuate due to factors including:

actual or
anticipated
fluctuations in
quarterly and
annual results;

fluctuations in
the seaborne
transportation
industry,
including

fluctuations in
the
containership
market;

mergers and
strategic
alliances in the
shipping
industry;

market
conditions in
the shipping
industry;

changes in
government
regulations;

shortfalls in
our operating
results from
levels
forecasted by
securities
analysts;

our payment of
dividends;

announcements
concerning us
or our
competitors;

the failure of
securities
analysts to
publish
research about
us after this
offering, or
analysts
making
changes in
their financial
estimates;

general
economic

conditions;

terrorist acts;

future sales of
our stock or
other
securities;

investors
perception of
us and the
containership
transportation
industry;

the general
state of the
securities
market; and

other
developments
affecting us,
our industry
or our
competitors.

The containership sector of the shipping industry has been highly unpredictable and volatile. Securities markets worldwide are experiencing significant price and volume fluctuations. The market price for our common stock may also be volatile. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our common stock in spite of our operating performance. Consequently, you may not be able to sell our common stock at prices equal to or greater than those that you pay in this offering.

Our costs will increase significantly as a result of operating as a public company, and our management will be required to devote substantial time to complying with public company regulations.

We have never operated as a public company. As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley) as well as rules subsequently adopted by the SEC and the New York Stock Exchange (NYSE), have imposed various requirements on public companies, including changes in corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to comply with these requirements. Moreover, these rules and regulations relating to public companies will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

Sarbanes-Oxley requires, among other things, that we maintain and periodically evaluate our internal control over financial reporting and disclosure controls and procedures. In particular, we and our managers will have to perform system and process evaluation and testing of our and their internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of Sarbanes-Oxley. Compliance with Section 404 will require a substantial accounting expense and significant management efforts. Neither we nor our managers currently has an internal audit group, and additional accounting and financial staff with appropriate public company experience and technical accounting knowledge will need to be hired to satisfy the ongoing requirements of Section 404. We may have significant difficulties in making such hires given the shortage of available experienced personnel.

We will be a foreign private issuer and controlled company under the NYSE rules, and as such we are entitled to exemption from certain NYSE corporate governance standards, and you may not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.

After the consummation of this offering, we will be a foreign private issuer under the securities laws of the United States and the rules of the NYSE. Under the securities laws of the United States, foreign private issuers are subject to different disclosure requirements than U.S. domiciled registrants, as well as different financial reporting requirements. Under the NYSE rules, a foreign private issuer is subject to less stringent corporate governance requirements. Subject to certain exceptions, the rules of the NYSE permit a foreign private issuer to follow its home country practice in lieu of the listing requirements of the NYSE. In addition, after the consummation of this offering, our current stockholders will continue to control a majority of our outstanding common stock. As a result, we will be a controlled company within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a company of which more than 50% of the voting power is held by another company or group is a controlled company and may elect not to comply with certain NYSE corporate governance requirements, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that the nominating committee be composed entirely of independent directors and have a written charter addressing the committee's purpose and responsibilities, (3) the requirement that the compensation committee be composed entirely of independent directors and have a written charter addressing the committee's purpose and responsibilities and (4) the requirement of an annual performance evaluation of the nominating and

corporate governance and compensation committees. As permitted by these exemptions, as well as by our bylaws and the laws of the Marshall Islands, we currently intend to have a board of directors with a majority of non-independent directors, intend to have an audit committee comprised solely of two independent directors and intend to have a combined corporate governance, nominating and compensation committee with one or more non-independent directors serving as committee members. As a result, non-independent directors, including members of our management who also serve on our board of directors, may, among other things, fix the compensation of our management, make stock and option awards and resolve governance issues regarding our company. Accordingly, in the future you may not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.

If we do not implement all required accounting practices and policies, we may be unable to provide the required financial information in a timely and reliable manner.

Prior to this offering, as a privately held company, we did not adopt the financial reporting practices and policies required of a publicly traded company. Implementation of these practices and policies could disrupt our business, distract our management and employees and increase our costs. If we fail to develop and maintain effective controls and procedures, we may be unable to provide the financial information that a publicly traded company is required to provide in a timely and reliable fashion. Any such delays or deficiencies could limit our ability to obtain financing, either in the public capital markets or from private sources, and could thereby impede our ability to implement our growth strategies. In addition, any such delays or deficiencies could result in failure to meet the requirements for continued listing of our common stock on the NYSE, which would adversely affect the liquidity of our common stock.

Under Section 404 of the Sarbanes-Oxley Act of 2002, we will be required to include in each of our future annual reports on Form 20-F a report containing our management's assessment of the effectiveness of our internal control over financial reporting and a related attestation of our independent auditors. This requirement for an attestation of our independent auditors will first apply to us with respect to our annual report on Form 20-F for the fiscal year ending December 31, 2011. After the completion of this offering, we will undertake a comprehensive effort in preparation for compliance with Section 404. This effort will include the documentation, testing and review of our internal controls under the direction of our management. We cannot be certain at this time that all our controls will be considered effective. Therefore, we can give no assurances that our internal control over financial reporting will satisfy the regulatory requirements when they become applicable to us.

You will incur immediate and substantial dilution.

We expect the initial public offering price per share of our common stock to be substantially higher than the pro forma net tangible book value per share of our outstanding common stock. As a result, you would incur immediate and substantial dilution of \$9.91 per share, representing the difference between the assumed initial public offering price of \$16.00 per share and our pro forma as adjusted net tangible book value per share on June 30, 2010. In addition, purchasers of our common stock in this offering will have contributed approximately 36.2% of the aggregate price paid by all purchasers of our common stock, but will own only approximately 22.1% of the shares outstanding after this offering. Please read "Dilution" for a more detailed description of how dilution may affect you.

Future sales of our common stock could cause the market price of our common stock to decline.

Sales of a substantial number of shares of our common stock in the public market following this offering, or the perception that these sales could occur, may depress the market price for our common stock. These sales could also impair our ability to raise additional capital through the sale of our equity securities in the future.

Although we do not currently have any plans to sell additional shares of our common stock, subject to the rules of the NYSE, in the future, we may issue additional shares of common stock, and other equity securities of equal or senior rank, without stockholder approval, in a number of circumstances.

The issuance by us of additional shares of common stock or other equity securities of equal or senior rank would have the following effects:

our existing
stockholders
proportionate
ownership
interest in us
will decrease;

the dividend
amount
payable per
share on our
common
stock may
be lower;

the relative
voting
strength of
each
previously
outstanding
share may
be
diminished;
and

the market
price of our
common
stock may
decline.

Our stockholders also may elect to sell large numbers of shares held by them from time to time. The number of shares of common stock available for sale in the public market will be limited by restrictions applicable under securities laws and agreements that we and our executive officers, directors and existing stockholders have entered into with the underwriters of this offering. Subject to certain exceptions, these agreements generally restrict us and our executive officers, directors and existing stockholders from directly or indirectly offering, selling, pledging, hedging or otherwise disposing of our equity securities or any security that is convertible into or exercisable or exchangeable for our equity securities and from engaging in certain other transactions relating to such securities for a period of 180 days after the date of this prospectus without the prior written consent of Morgan Stanley & Co. Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Members of the Konstantakopoulos family are our principal existing stockholders and will control the outcome of matters on which our stockholders are entitled to vote following this offering; their interests may be different from yours.

Members of the Konstantakopoulos family will own, directly or indirectly, approximately 77.9% of our outstanding common stock after this offering, assuming the underwriters do not exercise their overallotment option. These stockholders will be able to control the outcome of matters on which our stockholders are entitled to vote, including the election of our entire board of directors and other significant corporate actions. The interests of these stockholders may be different from yours.

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

Several provisions of our articles of incorporation and bylaws could make it difficult for our stockholders to change the composition of our board of directors in any one year, preventing them from changing the composition of our

management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable.

These provisions:

authorize our
board of
directors to
issue blank
check
preferred
stock without
stockholder
approval;

provide for a
classified
board of
directors with
staggered,
three-year
terms;

prohibit
cumulative
voting in the
election of
directors;

authorize the
removal of
directors only
for cause and
only upon the
affirmative
vote of the
holders of a
majority of
the
outstanding
stock entitled
to vote for
those
directors;

prohibit
stockholder
action by
written
consent

unless the
written
consent is
signed by all
stockholders
entitled to
vote on the
action; and

establish
advance
notice
requirements
for
nominations
for election
to our board
of directors
or for
proposing
matters that
can be acted
on by
stockholders
at
stockholder
meetings.

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

These anti-takeover provisions, including the provisions of our stockholder rights plan, could substantially impede the ability of public stockholders to benefit from a change in control and, as a result, may adversely affect the market price of our common stock and your ability to realize any potential change of control premium.

Tax Risks

In addition to the following risk factors, you should read [Tax Considerations](#), [Marshall Islands Tax Considerations](#), [Tax Considerations](#), [Liberian Tax Considerations](#) and [Tax Considerations](#), [United States Federal Income Tax Considerations](#) for a more complete discussion of expected material Marshall Islands, Liberian and U.S. Federal income tax consequences of owning and disposing of our common stock.

We may have to pay tax on U.S.-source income, which would reduce our earnings.

Under the United States Internal Revenue Code of 1986, as amended, 50% of the gross shipping income of a shipowning or chartering corporation, such as ourselves, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States is characterized as U.S.- source gross shipping income and as such is subject to a 4% U.S. Federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the Treasury Regulations promulgated thereunder.

We believe that we have qualified and currently intend to continue to qualify for this statutory tax exemption for the foreseeable future. However, no assurance can be given that this will be the case in the future. If we or our subsidiaries are not entitled to this exemption under Section 883 for any taxable year, we or our subsidiaries would be subject for those years to a 4% U.S. Federal income tax on our U.S. source gross shipping income. The imposition of this taxation could have a negative effect on our business and would result in decreased earnings available for distribution to our stockholders. Many of our charterparty agreements contain provisions pursuant to which charterers undertake to reimburse us for the 4% gross basis tax on our U.S.-source shipping income.

If we were treated as a passive foreign investment company, certain adverse U.S. Federal income tax consequences could result to U.S. stockholders.

A foreign corporation will be treated as a passive foreign investment company, or PFIC, for U.S. Federal income tax purposes if at least 75% of its gross income for any taxable year consists of certain types of passive income, or at least 50% of the average value of the corporation's assets produce or are held for the production of those types of passive income. For purposes of these tests, passive income includes dividends, interest, and 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. For purposes of these tests, income derived from the performance of services does not constitute passive income. U.S. stockholders of a PFIC are subject to a disadvantageous U.S. Federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC. If we are treated as a PFIC for any taxable year, we will provide information to U.S. stockholders to enable them to make certain elections to alleviate certain of the adverse U.S. Federal income tax consequences that would arise as a result of holding an interest in a PFIC.

Based on our proposed method of operation, we do not believe that we will be a PFIC with respect to any taxable year. In this regard, we intend to treat the gross income we derive or are deemed to derive from our time chartering activities as services income, rather than rental income. Accordingly, we believe that our income from our time chartering activities does not constitute passive income, and the assets that we own and operate in connection with the production of that income do not constitute passive assets. Our counsel, Cravath, Swaine & Moore LLP, is of the opinion that we should not be a PFIC based on certain assumptions made by them as well as certain representations we made to them regarding the composition of our assets, the source of our income, and the nature of our operations following this offering.

There is, however, no legal authority under the PFIC rules addressing our proposed method of operation. Accordingly, no assurance can be given that the U.S. Internal Revenue Service (the IRS) or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be

given that we would not constitute a PFIC for any future taxable year if there were to be changes in the nature and extent of our operations.

If the IRS were to find that we are or have been a PFIC for any taxable year, U.S. stockholders will face adverse tax consequences. Under the PFIC rules, unless those stockholders make certain elections available under the U.S. Internal Revenue Code, such stockholders would be liable to pay U.S. Federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common stock, as if the excess distribution or gain had been recognized ratably over the stockholder's holding period. Please read "Tax Considerations United States Federal Income Tax Considerations Taxation of United States Holders PFIC Status" for a more detailed discussion of the U.S. Federal income tax consequences to U.S. stockholders if we are treated as a PFIC.

The enactment of proposed legislation could affect whether dividends paid by us constitute qualified dividend income eligible for the preferential rate.

Legislation was recently proposed in the United States Senate that would deny the preferential rate of Federal income tax currently imposed on qualified dividend income with respect to dividends received from a non-U.S. corporation, unless the non-U.S. corporation either is eligible for benefits of a comprehensive income tax treaty with the United States or is created or organized under the laws of a foreign country which has a comprehensive income tax system. Because the Marshall Islands has not entered into a comprehensive income tax treaty with the United States and imposes only limited taxes on corporations organized under its laws, it is unlikely that we could satisfy either of these requirements. Consequently, if this legislation were enacted in its current form the preferential rate of Federal income tax discussed at "Tax Considerations United States Federal Income Tax Considerations Taxation of United States Holders Distributions on Our Common Stock" may no longer be applicable to dividends received from us. As of the date of this prospectus, it is not possible to predict with certainty whether or in what form the proposed legislation will be enacted.

If the regulations regarding the exemption from Liberian taxation for non-resident corporations issued by the Liberian Ministry of Finance were found to be invalid, the net income and cash flows of our Liberian subsidiaries and therefore our net income and cash flows would be materially reduced.

A number of our subsidiaries are incorporated under the laws of the Republic of Liberia. The Republic of Liberia enacted a new income tax act effective as of January 1, 2001 (the "New Act") which does not distinguish between the taxation of non-resident Liberian corporations, such as our Liberian subsidiaries, which conduct no business in Liberia and were wholly exempt from taxation under the income tax law previously in effect since 1977, and resident Liberian corporations which conduct business in Liberia and are, and were under the prior law, subject to taxation.

In 2004, the Liberian Ministry of Finance issued regulations exempting non-resident corporations engaged in international shipping, such as our Liberian subsidiaries, from Liberian taxation under the New Act retroactive to January 1, 2001. It is unclear whether these regulations, which ostensibly conflict with the express terms of the New Act adopted by the Liberian legislature, are valid. However, the Liberian Ministry of Justice issued an opinion that the new regulations are a valid exercise of the regulatory authority of the Ministry of Finance. The Liberian Ministry of Finance has not at any time since January 1, 2001 sought to collect taxes from any of our Liberian subsidiaries.

In June 2009, the Legislature, as well as the President, of the Republic of Liberia approved the Economic Stimulus Taxation Act of 2009 (the "ESTA") which will amend the New Act to specifically exempt non-resident corporations engaged in international shipping, such as our Liberian subsidiaries, from taxation in Liberia. The ESTA, however, is not effective and will not become effective until it is officially published. To the best of our knowledge, such publication has yet to occur.

If our Liberian subsidiaries were subject to Liberian income tax under the New Act, they would be subject to tax at a rate of 35% on their worldwide income. As a result, their, and subsequently our, net income and cash flows would be materially reduced. In addition, as the ultimate stockholder of the Liberian subsidiaries, we would be subject to Liberian withholding tax on dividends paid by our Liberian subsidiaries at rates ranging from 15% to 20%, which

would limit our access to funds generated by the operations of our subsidiaries and further reduce our income and cash flows.

FORWARD-LOOKING STATEMENTS

The disclosure and analysis set forth in this prospectus includes assumptions, expectations, projections, intentions and beliefs about future events in a number of places, particularly in relation to our operations, cash flows, financial position, plans, strategies, business prospects, changes and trends in our business and the markets in which we operate. These statements are intended as forward-looking statements. In some cases, predictive, future-tense or forward-looking words such as believe , intend , anticipate , estimate , project , forecast , plan , potential , could and expect and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. In addition, we and our representatives may from time to time make other oral or written statements which are forward-looking statements, including in our periodic reports that we will file with the SEC, other information sent to our security holders, and other written materials.

Forward-looking statements include, but are not limited to, such matters as:

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

our continued
ability to enter
into time
charters with
our customers;

our contracted
revenue;

future
operating or
financial
results and
future
revenues and
expenses;

our financial
condition and
liquidity,
including our
ability to make
required

payments
under our
credit facilities
and obtain
additional
financing in
the future to
fund capital
expenditures,
acquisitions
and other
corporate
activities, as
well as our
ability to
refinance
indebtedness;

future,
pending or
recent
acquisitions of
vessels or
other assets,
business
strategy, areas
of possible
expansion and
expected
capital
spending or
operating
expenses;

our
expectations
relating to
dividend
payments and
our ability to
make such
payments;

our
expectations
about
availability of
existing
vessels to
acquire or
newbuilds to

purchase, the time that it may take to construct and deliver new vessels or the useful lives of our vessels;

availability of crew, number of off-hire days, drydocking requirements and insurance costs;

our anticipated general and administrative expenses;

our ability to leverage to our advantage our managers relationships and reputation within the container shipping industry;

expected compliance with financing agreements and the expected effect of restrictive covenants in such agreements;

environmental and regulatory conditions, including changes in

laws and
regulations or
actions taken
by regulatory
authorities;

risks inherent
in vessel
operation,
including
discharge of
pollutants;

potential
liability from
future
litigation; and

other factors
discussed in
the section
entitled **Risk
Factors** .

Many of these statements are based on our assumptions about factors that are beyond our ability to control or predict and are subject to risks and uncertainties that are described more fully in the **Risk Factors** section of this prospectus. Any of these factors or a combination of these factors could materially affect future results of operations and the ultimate accuracy of the forward-looking statements. Factors that might cause future results to differ include, but are not limited to, the following:

changes in
law,
governmental
rules and
regulations, or
actions taken
by regulatory
authorities;

changes in
economic and
competitive
conditions
affecting our
business;

potential
liability from
future
litigation;

length and
number of
off-hire
periods and
dependence
on affiliated
managers; and

other factors
discussed in
the Risk
Factors
section of this
prospectus.

We caution that the forward-looking statements included in this prospectus represent our estimates and assumptions only as of the date of this prospectus and are not intended to give any assurance as to future results. Assumptions, expectations, projections, intentions and beliefs about future events may, and often do, vary from actual results and these differences can be material. The reasons for this include the risks, uncertainties and factors described under the section of this prospectus entitled **Risk Factors** . As a result, the forward-looking events discussed in this prospectus might not occur and our actual results may differ materially from those anticipated in the forward-looking statements. Accordingly, you should not unduly rely on any forward-looking statements.

We undertake no obligation to update or revise any forward-looking statements contained in this prospectus, whether as a result of new information, future events, a change in our views or expectations or otherwise. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement. We make no prediction or statement about the performance of our common stock.

DIVIDEND POLICY

We intend to pay our stockholders quarterly dividends of \$0.25 per share, or \$1.00 per share per year. We expect to pay an initial dividend following completion of this offering of \$0.25 per share in February 2011. There can be no assurance, however, that we will pay regular quarterly dividends in the future.

We currently intend to pay dividends in amounts that will allow us to retain a portion of our cash flows to fund vessel, fleet or company acquisitions that we expect to be accretive to earnings and cash flows and for debt repayment and drydocking costs, as determined by management and our board of directors. Declaration and payment of any dividend is subject to the discretion of our board of directors and the requirements of Marshall Islands law. The timing and amount of dividend payments will be dependent upon our earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in our credit facilities, the provisions of Marshall Islands law affecting the payment of distributions to stockholders and other factors. We cannot assure you that we will be able to pay regular quarterly dividends in the amounts stated above or elsewhere in this prospectus, and dividends may be discontinued at any time at the discretion of our board of directors. Our ability to pay dividends may be limited by the amount of cash we can generate from operations following the payment of fees and expenses and the establishment of any reserves, as well as additional factors unrelated to our profitability. We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations and to make dividend payments. See **Risk Factors** **Risks Inherent in Our Business** for a discussion of the risks related to our ability to pay dividends.

Set out below is a table showing the dividends and distributions paid in 2007, 2008, 2009, and the first half of 2010. Investors in this offering are not entitled to receive any portion of these dividends or distributions.

	Year ended December 31,			Six Months ended June 30,	
(Expressed in millions of U.S. dollars)	2007	2008	2009	2010	Total
Dividends paid	\$ 88.6	\$ 10.8	\$ 30.2	\$ 10.0	\$ 139.6
Distributions paid	0.0	269.0	131.0	0.0	400.0
Total	\$ 88.6	\$ 279.8	\$ 161.2	\$ 10.0	\$ 539.6

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately \$195.9 million after deducting underwriting discounts and commissions and estimated offering expenses payable by us, based on an assumed initial public offering price of \$16.00 per share, which is the mid-point of the price range on the cover page of this prospectus. We intend to use the net proceeds of this offering for general corporate purposes and potential future vessel acquisitions, and we may use a portion of the net proceeds, together with debt financing, to fund our contracted containership acquisitions. Pending any such use, the proceeds may be applied to temporarily reduce outstanding indebtedness.

CAPITALIZATION

The following table sets forth our (i) cash and cash equivalents, (ii) restricted cash, and (iii) consolidated capitalization at June 30, 2010, on an:

actual basis,
giving effect
to (a) the
sale of
24,000,000
(pre-stock
split) shares
of common
stock (or
45,120,000
post-split)
pursuant to a
rights
offering
where the
Company
offered all
shareholders
of record as
of the close
of business
on July 14,
2010, the
right to
subscribe for
and purchase
up to 32
shares of
common
stock, par
value
\$0.0001 per
share, for
each share
held, at a
subscription
price of
\$0.10 per
share, and
(b) the
1.88-for-1
stock split
effected
October 19,
2010; and

adjusted basis, giving effect to (a) our scheduled debt repayments totaling \$19.4 million until the the date of this prospectus and (b) the issuance and sale of the shares of common stock offered hereby at an assumed initial public offering price of \$16.00 per share, which is the mid-point of the price range on the cover page of this prospectus.

There has been no material change in our capitalization between June 30, 2010 and the date of this prospectus as adjusted as described above.

This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

(Expressed in thousands of U.S. dollars)	As of June 30, 2010	
	Actual	As Adjusted
Cash and cash equivalents	\$ 2,454	\$ 178,990
Restricted cash	\$ 43,369	\$ 43,369
Debt:		
Total long-term debt ⁽²⁾	\$ 1,391,533	\$ 1,372,133

Stockholders equity:

Common stock, par value \$0.0001 per share; 1,000,000,000 shares authorized on an actual basis and 1,000,000,000 shares authorized on an as adjusted basis; 47,000,000 shares issued and outstanding on an actual basis, 60,300,000 shares issued and outstanding on an as adjusted basis⁽³⁾

	\$	5	\$	6
Additional paid-in capital	\$	374,429	\$	570,364
Other comprehensive loss		(92,605)		(92,605)
Retained earnings (accumulated deficit)		(110,528)		(110,528)
 Total stockholders equity		 171,301		 367,237
 Total capitalization	\$	 1,562,834	\$	 1,739,370

- (1) We had \$74.2 million of undrawn borrowing capacity under our committed revolving credit facility as of June 30, 2010. On September 16, 2010, we obtained a commitment letter for a \$120.0 million term loan facility, subject to execution of definitive documentation and conditioned upon the closing of this offering. See Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources and Management's Discussion and Analysis of

Financial Condition
and Results of
Operations Credit
Facilities .

- (2) All of our existing indebtedness is secured.
- (3) At inception, the Company had 2,000,000 shares authorized, which was increased to 1,000,000,000 shares on July 12, 2010 and is herein given retroactive effect.

DILUTION

As of June 30, 2010, we had net adjusted tangible book value of \$170.5 million, or \$3.63 per share, after giving effect to the sale of 24,000,000 (pre-stock split) shares of Common Stock issued in a rights offering to stockholders of record on July 14, 2010, and a 1.88-for-1 stock split effected on October 19, 2010. After giving effect to the sale of 13,300,000 shares of common stock at a price of \$16.00 per share, which is the mid-point of the initial public offering price range on the cover page of this prospectus of \$15.00 to \$17.00 per share, deducting the estimated underwriting discounts and commissions and estimated offering expenses, and assuming that the underwriters' overallotment option is not exercised, the pro forma net adjusted tangible book value as of June 30, 2010 would have been \$367.2 million or \$6.09 per share. This represents an immediate appreciation in net tangible book value of \$2.46 per share to existing stockholders and an immediate dilution of net adjusted tangible book value of \$9.91 per share to new investors. The following table illustrates the pro forma per share dilution and appreciation as of:

Assumed initial public offering price per share	\$ 16.00
Net adjusted tangible book value per share as of June 30, 2010	\$ 3.63
Increase in net adjusted tangible book value per share attributable to new investors in this offering	\$ 2.46
Pro forma net adjusted tangible book value per share after giving effect to this offering	\$ 6.09
Dilution per share to new investors	\$ 9.91

Net tangible book value per share of our common stock is determined by dividing our tangible net worth, which consists of tangible assets less liabilities, by the number of shares of our common stock outstanding. Dilution is determined by subtracting the net tangible book value per share of common stock after this offering from the public offering price per share. Dilution per share to new investors would be \$9.63 if the underwriters exercised their overallotment option in full.

The following table summarizes, on a pro forma basis as of June 30, 2010, the differences between the number of shares of common stock acquired from us, the total amount paid and the average price per share paid by the existing holders of shares of common stock and by you in this offering, based upon an assumed initial public offering price of \$16.00 per share (the mid-point of the initial public offering price range on the cover page of this prospectus of \$15.00 to \$17.00 per share).

	Pro Forma Shares Outstanding		Total Consideration		Average Price Per Share
	Number (Expressed in thousands of U.S. dollars, except percentages and per share data)	Percentage	Amount	Percentage	
Existing stockholders	47,000,000	77.9 %	\$ 374,434	63.8 %	\$ 7.97
New investors	13,300,000	22.1 %	\$ 212,800	36.2 %	\$ 16.00
Total	60,300,000	100.0 %	\$ 587,234	100.0 %	\$ 9.74

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data set forth below as of December 31, 2007, 2008 and 2009 for each of the three years in the period ended December 31, 2009 have been derived from our audited consolidated financial statements. The selected consolidated financial data set forth below as of December 31, 2005 and 2006 and for the years then ended have been derived from our unaudited consolidated financial statements. The selected consolidated financial data as of June 30, 2010 and for the six months ended June 30, 2009 and 2010 are derived from our unaudited interim condensed consolidated financial statements. We refer you to the notes to our consolidated financial statements for a discussion of the basis on which our consolidated financial statements are presented. Results for the six months ended June 30, 2010 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2010 or any future period.

This information should be read together with, and is qualified in its entirety by, our consolidated financial statements and the notes thereto included elsewhere in this prospectus. You should also read Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Year Ended December 31,				
	2005	2006	2007	2008	2009
	(unaudited)				
	(Expressed in thousands of U.S. dollars, except for shares)				
STATEMENT OF INCOME					
Revenues:					
Voyage revenue	\$ 294,160	\$ 349,997	\$ 370,121	\$ 426,348	\$ 390,000
Expenses:					
Voyage expenses	1,682	1,825	2,780	3,735	3,735
Vessels operating expenses	84,810	100,701	124,666	148,350	110,000
General and administrative expenses	125	212	466	2,608	1,000
Management fees	7,120	10,198	11,812	13,541	10,000
Amortization of drydocking and special survey costs	2,718	2,767	3,095	6,722	1,000
Depreciation	57,494	67,134	50,710	72,256	70,000
Gain on sale of vessels				(95)	(1,000)
Foreign exchange gains / (losses)	(28)	143	579	(235)	1,000

Other income / (expenses)		910		301		(37)	
Operating income	\$	140,239	\$	166,107	\$	175,712	\$ 179,503
Other Income (Expenses):							
Interest income	\$	7,180	\$	5,627	\$	3,589	\$ 5,575
Interest and finance costs		(31,800)		(54,211)		(62,568)	(68,420)
Other		1,192		63		188	109
Gain (loss) on derivative instruments		1,524		5,820		(1,498)	(16,988)
Total other income (expenses)	\$	(21,904)	\$	(42,701)	\$	(60,289)	\$ (79,724)
Net Income	\$	118,335	\$	123,406	\$	115,423	\$ 99,779
Earnings per common share, basic and diluted	\$	2.52	\$	2.63	\$	2.46	\$ 2.12
Weighted average number of shares, basic and diluted		47,000,000		47,000,000		47,000,000	47,000,000

	Year Ended December 31,				
	2005 (unaudited)	2006	2007	2008	2009
(Expressed in thousands of U.S. dollars, except for share data)					
OTHER FINANCIAL DATA					
Net cash provided by operating activities	N/A ⁽¹⁾	\$ 7,864	\$ 166,619	\$ 247,518	\$ 161,893
Net cash (used in) provided by investing activities	N/A ⁽¹⁾	(350,456)	(257,550)	(138,301)	12,811
Net cash (used in) provided by financing activities	N/A ⁽¹⁾	342,026	93,099	(22,529)	(252,684)
Net increase (decrease) in cash and cash equivalents	N/A ⁽¹⁾	(566)	2,168	86,688	(77,980)
Dividends and distributions paid	N/A ⁽¹⁾	(13,564)	(88,572)	(279,778)	(161,230)
BALANCE SHEET DATA (at period end)					
Total current assets	\$ 11,888	\$ 117,540	\$ 120,274	\$ 121,495	\$ 48,305
Total assets	1,065,854	1,453,988	1,674,665	1,815,500	1,710,300
Total current liabilities	183,638	153,651	177,575	287,534	183,271
Total long term debt, including current portion	619,150	968,822	1,102,926	1,529,948	1,435,593
Total stockholders equity	330,010	446,452	521,453	(10,750)	155,222
Average for the Year Ended December 31,				Six Months Ended June 30,	

	2005	2006	2007	2008	2009	2009	2010
FLEET DATA							
Number of vessels	39.8	43.6	46.2	52.8	47.3	49.7	42.9
TEU capacity	144,608	177,274	194,865	226,878	218,733	222,511	212,580

(1) N/A
indicates
that the
data is
not
available
for the
specified
period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes and the financial and other information included elsewhere in this prospectus. Among other things, those financial statements include more detailed information regarding the basis of presentation for the following information. The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), and are presented in U.S. dollars.

This discussion contains forward-looking statements based on assumptions about our future business. Our actual results may differ from those contained in the forward-looking statements and such differences may be material. Please read Forward-Looking Statements .

Overview

We are an international owner of containerships, chartering our vessels to many of the world's largest liner companies. We currently have a fleet of 41 containerships aggregating 211,882 TEUs, making us one of the largest privately owned containership companies in the world, based on total TEU capacity.

We principally deploy our containerships on multi-year, fixed-rate time charters to take advantage of the stable cash flows and high utilization rates typically associated with multi-year time charters. Time-chartered containerships are generally employed on multi-year charters to liner companies that charter-in vessels on a multi-year basis as part of their business strategies.

As of October 15, 2010, the average (weighted by TEU capacity) remaining time charter duration for our fleet of 41 containerships was 5.6 years, based on the remaining fixed terms and assuming the earliest redelivery dates possible under our containerships' charters. As of June 30, 2010, our fixed-term charters represented an aggregate of \$1.7 billion of contracted revenue, assuming the earliest redelivery dates possible under our containerships' charters and 365 revenue days per annum per containership. See the table entitled Contracted Revenue and Days From Time Charters as of June 30, 2010 in Factors Affecting Our Results of Operations Voyage Revenue .

The table below provides additional information about the charter coverage for our fleet of 42 containerships as of June 30, 2010. Except as indicated in the footnotes, it does not reflect events occurring after that date. In particular it does not reflect, (i) our contracts to acquire three newbuilds and four secondhand containerships and (ii) the recent agreements we have obtained for the re-chartering of *MSC Navarino* and the extension of the duration of the charters of eight other containerships, such extensions resulting in an increase in our future contracted days and contracted revenues. See Business Overview Recent Developments . The table assumes the earliest redelivery dates possible under our containerships' charters. See Business Fleet Characteristics .

	2010 ⁽¹⁾	2011	2012	2013	2014	2015
No. of Vessels whose Charters Expire	1	3	16	2	6	1
TEUs of Expiring	1,466	7,704	54,000	7,752	38,232	6,644

Charters

Contracted Days	7,604	14,636	11,512	7,511	6,204	5,078
Available Days	32	142	2,380	5,416	4,381	5,507
Contracted/Total Days⁽²⁾	99.6 %	99.0 %	82.9 %	58.1 %	58.6 %	47.9 %

(1) Fleet information for 2010 is as of June 30, 2010 and describes our fleet from July 1, 2010 to December 31, 2010, adjusted only to reflect redelivery of *MSC Sicily* from its charterer on September 18, 2010 and delivery to its buyer on September 23, 2010.

(2) Total days are calculated on the assumption that the vessels will continue

trading until
the age of
30 years
old, unless
the vessel
will exceed
30 years of
age at the
expiry of its
current
charter
party, in
which case
we assume
that the
vessel
continues
trading until
that expiry
date.

Our containership fleet is currently under time charters with eight different charterers. For the three years ended December 31, 2009, our three largest customers by revenue were A.P. Moller-Maersk, MSC and COSCO; together these three customers represented 77.3%, 71.1% and 73.7% of our

revenue in 2007, 2008 and 2009, respectively, and these same three companies represented 73.9% of our revenue in the first half of 2010.

We drydock our vessels when the next survey (drydock survey or special survey) is scheduled to become due, ranging from 30 to 60 months. Our current fleet averages 18 days of drydock time per containership, at which time we perform class renewal surveys and make any necessary repairs or retrofittings. We have drydocked 31 vessels over the past 3 years, and we plan to drydock 10 vessels in 2010 and 4 vessels in 2011. Information about our fleet drydocking schedule through 2014 is set forth in a table in *Business Inspection by Classification Societies Drydocking*.

Our Manager

The operations of our fleet of containerships are managed by Costamare Shipping, CIEL and Shanghai Costamare, our managers, under the supervision of our chairman and chief executive officer and our chief financial officer, in conjunction with our board of directors. With effect from the consummation of this offering, Costamare Shipping will receive a fee of \$850 per day (\$425 per day in the case of a containership subject to a bareboat charter) for each containership, pro rated for the calendar days we own each containership, for providing us with general administrative services, certain commercial services, director and officer related insurance services and the services of our officers (but not for payment of such officer's compensation) and for providing the relevant containership owning subsidiaries with technical, commercial, insurance, accounting, provisions, sale and purchase, crewing and bunkering services. In the event that Costamare Shipping decides to delegate certain or all of the services it has agreed to perform, either through subcontracting to CIEL or Shanghai Costamare or by directing CIEL or Shanghai Costamare to enter into a direct shipmanagement agreement with the relevant containership owning subsidiary, then, in the case of subcontracting, Costamare Shipping will be responsible for paying the management fee charged by the relevant submanager for providing such services and, in the case of a direct shipmanagement agreement, the fee received by Costamare Shipping will be reduced by the fee payable to CIEL or, as the case may be, Shanghai Costamare under the relevant direct shipmanagement agreement. In addition to such fees, we pay for any capital expenditures, financial costs, operating expenses and any general and administrative expenses, including the salaries of our officers and employees and payments to third parties in accordance with the group management agreement and the relevant separate shipmanagement agreements or supervision agreements. We also pay to Costamare Shipping a flat fee of \$700,000 per newbuild vessel for the supervision of the construction of any newbuild vessel for which we may contract. Costamare Shipping also receives a commission of 0.75% on all gross freight, demurrage, charter hire, ballast bonus or other income earned with respect to each containership in our fleet.

The initial term of the group management agreement with Costamare Shipping expires on December 31, 2015. The group management agreement automatically renews for a one-year period and will be extended in one-year increments until December 31, 2020, at which point the group management agreement will expire. The management fee of \$850 per day for each containership is fixed until December 31, 2012 and will thereafter be annually adjusted upwards by 4%, with further annual increases permitted to reflect the strengthening of the Euro against the U.S. dollar and/or material unforeseen cost increases. After the initial term expires on December 31, 2015, we will be able to terminate the group management agreement, subject to a termination fee, by providing written notice to Costamare Shipping at least 12 months before the end of the subsequent one-year term. The termination fee is equal to (a) the lesser of (i) five and (ii) the number of full years remaining prior to December 31, 2020, times (b) the aggregate fees due and payable to Costamare Shipping during the 12-month period ending on the date of termination (without taking into account any reduction in fees to reflect that certain obligations have been delegated to a submanager), *provided* that the termination fee will always be at least two times the aggregate fees over the 12-month period described above. Information about other termination events under the group management agreement is set forth in *Our Managers and Management-Related Agreements Term and Termination Rights*.

Pursuant to the terms of our group management agreement and separate shipmanagement agreements and supervision agreements, liability of our managers to us is limited to instances of gross negligence or willful misconduct on the part of the managers. Further, we are required to indemnify the

managers for liabilities incurred by the managers in performance of the group management agreement and separate shipmanagement agreements and supervision agreements, except in instances of gross negligence or willful misconduct on the part of the managers.

2008 Reorganization

Costamare Inc. was incorporated on April 21, 2008 for the purpose of completing a reorganization of 53 ship-owning companies then owned by our chief executive officer and other members of the Konstantakopoulos family under a single corporate holding company. Under the Master Sales Agreement (the MSA) relating to the reorganization, the Konstantakopoulos family agreed to sell shares or vessels of each of the predecessor companies to the Company or to newly formed subsidiaries of the Company. As a result, subsidiaries of the Company acquired 28 vessels and part of their related assets from 28 of the predecessor companies and assumed or repaid related bank debt and other liabilities, and the Company acquired the shares of each of 25 predecessor companies. In return, the Company made distributions to the shareholders of the predecessor companies totaling \$400.0 million (\$269.0 million of which was paid as of December 31, 2008 and \$131.0 million during the period from January 1, 2009 to April 23, 2009). In addition the Company agreed to assume certain guarantees of Costamare Shipping. For more detail please refer to Note 1 of our consolidated financial statements included in this prospectus.

As members of the Konstantakopoulos family are the sole shareholders of Costamare Inc., and previously owned 100% of the predecessor companies, there was no change in ownership or control of the business, and therefore the transaction constituted a reorganization of companies under common control, and was accounted for in a manner similar to a pooling of interests. For more details please refer to Note 1 of our consolidated financial statements included in this prospectus.

Factors Affecting Our Results of Operations

Our financial results are largely driven by the following factors:

Number of Vessels in Our Fleet. The number of vessels in our fleet is a key factor in determining the level of our revenues. Aggregate expenses also increase as the size of our fleet increases. Vessel acquisitions and dispositions give rise to gains and losses and

other one-time items. During 2007 and 2008, we increased the number of vessels in our fleet so that on October 31, 2008 our fleet consisted of 53 containerships. Thereafter, in response to the global economic recession, we reduced our fleet through dispositions. At December 31, 2009, our fleet consisted of 44 containerships.

Charter Rates.

The charter rates we obtain for our vessels also drive our revenues.

Charter rates are based primarily on demand and supply of containership capacity at the time we enter into the charters for our vessels.

Demand and supply can fluctuate significantly over time as a result of changing economic conditions affecting trade

flow between
ports served by
liner companies
and the
industries
which use liner
shipping
services.

Although our
multi-year
charters make
us less
susceptible to
cyclical
containership
charter rates
than vessels
operated on
shorter-term
charters, such
as spot
charters, we are
exposed to
varying charter
rate
environments
when our
chartering
arrangements
expire and we
seek to deploy
our
containerships
under new
charters. As
illustrated in
the table above
under

Overview , the
staggered
maturities of
our
containership
charters reduce
our exposure to
any one
particular rate
environment
and point in the
shipping cycle.
Over the past

two years the Company has been proactive in working with its charterers to make adjustments to charter agreements that address the needs of both parties. See Voyage Revenue .

Utilization of Our Fleet. Due to the multi-year time charters under which they generally operate, our containerships have consistently been deployed at high utilization. Nevertheless, the amount of time our vessels spend in drydock undergoing repairs, maintenance or upgrade work affects our results of operations. Historically, our fleet has had a limited number of unscheduled off-hire days. In 2007, 2008 and 2009 our fleet utilization

based on
unscheduled
off-hire days as
a percentage of
total operating
days for each
year was
99.7%, 99.3%
and 99.9%,
respectively,
and

99.8% for the first half of 2010.

However, an increase in annual off-hire days could reduce our utilization. The efficiency with which suitable employment is secured, the ability to minimize off-hire days and the amount of time spent positioning vessels also affects our results of operations. If the utilization pattern of our containership fleet changes, our financial results would be affected.

Expenses and Other Costs. Our ability to control our fixed and variable expenses is critical to our ability to maintain acceptable profit margins. These expenses include commission expenses, crew wages and related costs, the cost of insurance, expenses for repairs and maintenance, the cost of spares and consumable stores, lubricating oil costs, tonnage taxes and other miscellaneous expenses. In addition, factors

beyond our control, such as developments relating to market premiums for insurance and the value of the U.S. dollar compared to currencies in which certain of our expenses, primarily crew wages, are paid, can cause our vessel operating expenses to increase. We proactively manage our foreign currency exposure by entering into Euro/dollar forward contracts covering our Euro-denominated operating expenses.

Voyage Revenue

Our operating revenues are driven primarily by the number of vessels in our fleet, the amount of daily charter hire that our vessels earn under time charters and the number of operating days during which our vessels generate revenues. These factors are, in turn, affected by our decisions relating to vessel acquisitions and dispositions, the amount of time that we spend positioning our vessels, the amount of time that our vessels spend in drydock undergoing repairs, maintenance and upgrade work, the age, condition and specifications of our vessels and the levels of supply and demand in the containership charter market.

Charter revenues are generated from fixed-rate time charters and are recorded on a straight-line basis over the term of each charter agreement (excluding the effect of any options to extend the term). Revenues derived from time charters with escalating rates are accounted for as operating leases and thus are recognized on a straight-line basis as the average revenue over the rental periods of such agreements, as service is performed, by dividing (i) the aggregate contracted revenues until the earliest expiration date of the time charter by (ii) the total contracted days until the earliest expiration date of the time charter. Some of our charters provide that the charter rate will be adjusted to a market rate for the final months of their respective terms. For purposes of determining the straight line revenue amount, we exclude these periods and treat the charter as expiring at the end of the last fixed rate period. Our revenues will be affected by the acquisition of any additional vessels in the future subject to time charters, as well as by the disposition of any existing vessel in our fleet. Our revenues will also be affected if any of our charterers cancel a time charter or if we agree to renegotiate charter terms during the term of a charter resulting in aggregate revenue reduction. Our time charter arrangements have been contracted in varying rate environments and expire at different times. Generally, we do not employ our vessels under voyage charters under which a shipowner, in return for a fixed sum, agrees to transport cargo from one or more loading ports to one or more destinations and assumes all vessel

operating costs and voyage expenses.

After rising during 2007 and the first half of 2008, charter rates for containerships fell dramatically to 10-year lows during the second half of 2008 and 2009. While rates have improved during the first half of 2010, they have not recovered to rate levels similar to those seen in late 2005. While charter rates and the level of demand for containerships are historically volatile, and there can be no assurance that either will improve, we believe that any continued improvement in the global economy and demand for containerships will lead to an improvement in charter rates over time.

Over the past two years the Company has been proactive in working with its charterers to make adjustments to charter agreements that address the needs of both parties. As a result, we have agreed in certain cases to charter rate re-arrangements entailing reductions for specified periods, combined with, among other things, subsequent rate increases, so that the aggregate payments under the charters are not materially reduced. In some cases we also have arranged for term extensions. In particular, we have made charter rate rearrangements for 28 out of our current fleet of 41 vessels, with reductions ranging from \$2,125 to \$5,655 per day for periods of less than one year (360 days) to approximately nine years.

We have been compensated for these reductions with subsequent hire increases ranging from \$780 to \$8,490 per day, for periods of approximately one to 6.5 years. Pursuant to the straight-line method used for the recognition of charter revenues, the amounts recognized as charter revenues during 2009 and the first half of 2010 have not been materially reduced, although the amount of cash received in these periods in respect of those charters has been reduced. As discussed under *Business Overview Recent Developments*, we recently completed agreements for the rechartering of certain containerships and the extension of the maturity of certain other containerships, which will increase our contracted revenues. These agreements are reflected in the fleet table under *Business Our Fleet Characteristics*.

The table below provides additional information about our expected revenues based on contracted charter rates as of June 30, 2010. Except as indicated in the footnotes, it does not reflect events occurring after that date. In particular it does not reflect (i) our contracts to acquire three newbuilds and four secondhand containerships, (ii) early redelivery of the MSC Navarino in return for our payment of \$9.5 million, in order to charter the MSC Navarino at a significantly increased rate, and (iii) the four-year extensions to the time charters of eight of our containerships, such extensions resulting in an increase in our future contracted days and contracted revenues. See

Business Overview Recent Developments. Although these expected revenues are based on contracted charter rates, any contract is subject to various risks, including performance by the counterparties or an early termination of the contract pursuant to its terms. If the charterers are unable to make charter payments to us, if we agree to renegotiate charter terms at the request of a charterer or if contracts are prematurely terminated for any reason, our results of operations and financial condition may be materially adversely affected. Historically, we have had no defaults or early terminations by charterers, although in certain cases we have agreed to changes in charter terms.

Contracted Revenue and Days From Time Charters as of June 30, 2010
(Expressed in thousands of U.S. dollars, except days and percentages)

	On and After July 1,			On and After January 1,	
	2010	2011	2012	2013	2014
Contracted Revenues ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	\$ 179,124	\$ 343,595	\$ 298,503	\$ 246,539	\$ 211,580
Fleet Contracted Days ⁽³⁾⁽⁴⁾	7,604	14,636	11,512	7,511	6,204
Percentage of fleet contracted days/Total days ⁽³⁾⁽⁴⁾	99.6 %	99.0 %	82.9 %	58.1 %	58.6 %

- (1) Annual revenue calculations are based on:
(a) an assumed 365 revenue

days per vessel
per annum, (b)
the earliest
redelivery
dates possible
under our
containerships
charters, and
(c) no exercise
of any option
to extend the
terms of those
charters.

- (2) Includes the
contracted
revenues and
days for the
vessel *Akritas*
whose new
charters start
in August
2010 and
September
2010. See
Prospectus
Summary Our
Fleet and
Business Our
Fleet .
- (3) Includes
contracted
revenue for
MSC Sicily
until her
redelivery on
September 18,
2010.
- (4) Some of our
charters
provide that
the charter rate
will be
adjusted to a
market rate for
the final
months of their
respective
terms. For

purposes of determining contracted revenues and the number of days, we exclude these periods and treat the charter as expiring at the end of the last fixed rate period. Total days are calculated on the assumption that the vessels will continue trading until the age of 30 years old, unless the vessel will exceed 30 years of age at the expiry of its current charter party, in which case we assume that the vessel continues trading until that expiry date.

Voyage Expenses

Voyage expenses include port and canal charges, bunker (fuel) expenses, address commissions and brokerage commissions. Under our time charter arrangements, charterers bear the voyage expenses other than address and brokerage commissions. As such, voyage expenses represent a relatively small portion of our vessels' overall expenses.

From time to time, in accordance with industry practice, we pay commissions ranging between 0.5% to 1.25% of the total daily charter rate under the charters to unaffiliated ship brokers, depending on the number of brokers involved with arranging the charter. In one case we also pay an address

commission of 2.50%. These commissions do not include the fees we pay to our manager, which are described below under **Management Fees**.

Vessels Operating Expenses

Vessels' operating expenses include crew wages and related costs, the cost of insurance, expenses for repairs and maintenance, the cost of spares and consumable stores, lubricant costs, statutory and classification expenses and other miscellaneous expenses. Aggregate expenses increase as the size of our fleet increases. We expect that insurance costs, drydocking and maintenance costs will increase as our vessels age. Factors beyond our control, some of which may affect the shipping industry in general—for instance, developments relating to market premiums for insurance and changes in the market price of lubricants due to increases in oil prices—may also cause vessel operating expenses to increase. In addition, a substantial portion of our vessel operating expenses, primarily crew wages, are in currencies other than the U.S. dollar (mainly in Euro), and any gain or loss we incur as a result of the U.S. dollar fluctuating in value against these currencies is included in vessel operating expenses. As of December 31, 2009, approximately 24% of our outstanding accounts payable were denominated in currencies other than the U.S. dollar (mainly in Euro). We fund our managers with the amounts they will need to pay our fleet's vessel operating expenses. Under our time charter arrangements, we generally pay for vessel operating expenses.

General and Administrative Expenses

General and administrative expenses mainly include legal, accounting and advisory fees. After the completion of this offering, we expect to incur additional general and administrative expenses going forward as a public company. We expect that the primary components of general and administrative expenses will consist of the expenses associated with being a public company, which include the preparation of disclosure documents, legal and accounting costs, investor relation costs, incremental director and officer liability insurance costs, director and executive compensation and costs related to compliance with the Sarbanes-Oxley Act of 2002.

Management Fees

Historically, while we were a privately owned company, we paid our managers—Costamare Shipping, CIEL and Shanghai Costamare (through payments to Costamare Shipping)—a daily management fee per vessel for their services. The total management fees paid by us to our managers during the years ended December 31, 2007, 2008 and 2009 amounted to \$11.8 million, \$13.5 million and \$12.2 million, respectively, which is equivalent to a daily management fee per vessel per day of \$700 for each of those periods.

As discussed above under **Our Manager**, our group management agreement will take effect upon the consummation of this offering. If that agreement had been in effect for the full year 2009, we estimate that the aggregate amount of additional payments to the manager would have been approximately \$5.5 million higher, and net income would have been \$5.5 million lower, in 2009 than the amount recorded with respect to our existing management agreement. If that agreement had been in effect since January 1, 2010, we estimate that the aggregate amount of additional payments to the manager would have been approximately \$2.5 million higher, and net income would have been \$2.5 million lower, in the first half of 2010, than the amount recorded with respect to our existing management agreement.

Amortization of Dry-docking and Special Survey Costs

We follow the deferral method of accounting for special survey and drydocking costs whereby actual costs incurred (mainly shipyard costs, paints and class renewal expenses) are deferred and amortized on a straight-line basis over the period through the date the next survey is scheduled to become due. If a survey is performed prior to the scheduled date, the remaining unamortized balances are immediately written off. Unamortized balances of vessels that are sold are written off and included in the calculation of the resulting gain or loss in the period of the vessel's sale.

Depreciation

We depreciate our containerships on a straight-line basis over their estimated remaining useful economic lives. For years prior to January 1, 2007, we estimated this to be 25 years. As of January 1, 2007, we determined the estimated useful lives of our containerships to be 30 years from their initial delivery from the shipyard. This change was made to reflect our experience, market conditions and the current practice in the containership industry. Depreciation is based on cost, less the estimated scrap value of the vessels. As of June 30, 2010, seven of our vessels, with TEU capacity of 12,950, were fully depreciated.

Gain on Sale of Vessels

The gain or loss on the sale of a vessel is presented in a separate line item in our consolidated statements of income. In 2008, 2009 and first half of 2010 we sold 1, 10 and 3 vessels, respectively. No vessels were sold in 2007.

Foreign Exchange Gains / (Losses)

Our functional currency is the U.S. dollar because our vessels operate in international shipping markets, and therefore transact business mainly in U.S. dollars. Our books of accounts are maintained in U.S. dollars. Transactions involving other currencies are converted into U.S. dollars using the exchange rates in effect at the time of the transactions. The gain or loss derives from the different foreign currency exchange rates between the time that a cost is recorded in our books and the time that the cost is paid. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are translated into U.S. dollars at the year-end exchange rates. Resulting gains or losses are reflected as foreign exchange gains / (losses) in our consolidated statement of income.

Other Income / (Expenses)

Other expenses represent primarily non-recurring items that are not classified under the other categories of our consolidated income statement. Such expenses may, for instance, result from various potential claims against our company, or from payments we are effecting on behalf of charterers that cannot meet their obligations.

Interest Income, Interest and Finance Costs

We incur interest expense on outstanding indebtedness under our existing credit facilities which we include in interest expense. We also incur financing and legal costs in connection with establishing those facilities, which is included in our finance costs. Further, we earn interest on cash deposits in interest-bearing accounts and on interest-bearing securities, which we include in interest income. We will incur additional interest expense in the future on our outstanding borrowings and under future borrowings. For a description of our existing credit facilities and our new committed term loan please read Description of Indebtedness .

Other

Other primarily represents vessels hull and machinery and vessels guarantee claims recoveries and gains resulting from free lubricants agreements that we have entered into for our vessels with lubricant suppliers. Free lubricants agreements with lubricant suppliers provide for the initial supply of lubricants at no charge to us upon the acquisition of a vessel. Following the initial supply at no charge, we are obliged under these agreements to purchase required lubricants for the vessel from the relevant supplier for a contracted period of time. If we terminate such an agreement before it expires we have to pay the supplier for the initial lubricant fill cost. We amortize the initial lubricant fill benefit through the term of the agreement.

Gain (Loss) on Derivative Instruments

We enter into interest rate swap contracts to manage our exposure to fluctuations of interest rate risks associated with specific borrowings. All derivatives are recognized in the consolidated financial statements at their fair value. On the inception date of the derivative contract, we designate the derivative as a hedge of a forecasted transaction or the variability of cash flow to be paid (cash flow hedge). Changes in the fair value of a derivative that is qualified, designated and highly effective as a cash flow hedge are recorded in other comprehensive income until earnings are affected by the forecasted transaction or the variability of cash flow and are then reported in earnings. Changes in the fair value of undesignated derivative instruments and the ineffective portion of designated derivative instruments are reported in earnings in the period in which those fair value changes have occurred. As at December 31, 2009, we were engaged in 11 interest rate derivative instruments in order to partially hedge the exposure of interest rate fluctuations associated with our variable rate borrowings and at this date 10 out of 11 of these agreements met hedge accounting criteria and the effective portion in change in their fair value is recognized in Other Comprehensive Loss in stockholders' equity on our balance sheet. We recognize in our statement of income the change in fair value of the one interest rate swap that does not meet hedge accounting criteria. For a description of our existing interest rate swaps, please read Interest Rate Risk .

Results of Operations***Six-month period ended June 30, 2010 compared to the six-month period ended June 30, 2009***

During the six-month period ended June 30, 2010, we had an average of 42.9 vessels in our fleet. During the six-month period ended June 30, 2009, we had an average of 49.7 vessels in our fleet. In the six-month period ended June 30, 2010, we acquired the vessel *MSC Navarino* with a TEU capacity of 8,531, and we sold three vessels with an aggregate TEU capacity of 9,300. In the six-month period ended June 30, 2009, we sold five vessels with an aggregate TEU capacity of 9,223. In the six-month period ended June 30, 2010 our fleet operating days totaled 7,767 days. In the six-month period ended June 30, 2009 our fleet operating days totaled 8,997 days. Operating days are the primary driver of voyage revenue and vessels operating expenses.

(Expressed in millions of U.S. dollars, except percentages)	Six-month period ended June 30,		Change	Percentage Change
	2009	2010		
Voyage revenue	\$ 207.9	\$ 178.8	\$ (29.1)	(14.0 %)
Voyage expenses	(2.4)	(1.0)	1.4	58.3 %
Vessels operating expenses	(61.3)	(51.8)	9.5	15.5 %
General and administrative expenses	(0.3)	(0.7)	(0.4)	(133.3 %)
Management fees	(6.4)	(5.5)	0.9	14.1 %
Amortization of dry-docking and special survey costs	(3.9)	(4.1)	(0.2)	(5.1 %)
Depreciation	(36.1)	(34.4)	1.7	4.7 %
Gain on sale of vessels	3.9	7.9	4.0	102.6 %
Foreign exchange gains / (losses)	(0.5)	(0.1)	0.4	80.0 %
Interest income	1.6	0.6	(1.0)	(62.5 %)
Interest and finance costs	(48.8)	(34.2)	14.6	29.9 %
Other	4.3	0.3	(4.0)	(93.0 %)
Gain (loss) on derivative instruments	12.4	(10.2)	(22.6)	

Net Income	\$	70.4	\$	45.6	\$	(24.8)	(35.2 %)
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	Six-month period ended June 30,		Change	Percentage Change
	2009	2010		
Fleet operational data				
Average number of vessels	49.7	42.9	(6.8)	(13.7 %)
Operating days	8,997	7,767	(1,230)	(13.7 %)
Number of vessels drydocked	5	7	2	
Voyage Revenue				

Voyage revenue decreased by 14.0%, or \$29.1 million, to \$178.8 million during the six-month period ended June 30, 2010, from \$207.9 million during the six-month period ended June 30, 2009. The decrease was primarily attributable to the decrease in operating days of our fleet during the period, resulting from the lower average number of vessels in our fleet during the six-month period ended June 30, 2010 compared to the six-month period ended June 30, 2009.

Voyage Expenses

Voyage expenses decreased by 58.3%, or \$1.4 million, to \$1.0 million during the six-month period ended June 30, 2010 from \$2.4 million during the six-month period ended June 30, 2009. The decrease was primarily attributable to the decrease in operating days of our fleet for the period ended June 30, 2010, resulting from the lower average number of vessels in our fleet during the six-month period ended June 30, 2010 compared to the six-month period ended June 30, 2009. The decrease is also attributable to decreased commissions charged by third parties as well as to lower port charges and fuel consumption due to decreased off-hire days.

Vessels Operating Expenses

Vessels operating expenses decreased by 15.5%, or \$9.5 million, to \$51.8 million during the six-month period ended June 30, 2010, from \$61.3 million during the six-month period ended June 30, 2009. The decrease was mainly attributable to the decreased fleet operating days during the six-month period ended June 30, 2010 compared to the six-month period ended June 30, 2009.

General and Administrative Expenses

General and administrative expenses increased by 133.3%, or \$0.4 million, to \$0.7 million during the six-month period ended June 30, 2010, from \$0.3 million during the six-month period ended June 30, 2009. The increase in the six-month period ended June 30, 2010 is mainly attributable to the increase in legal, accounting and advisory fees charged to us.

Management Fees

Management fees paid to our managers decreased by 14.1%, or \$0.9 million, to \$5.5 million during the six-month period ended June 30, 2010, from \$6.4 million during the six-month period ended June 30, 2009. The decrease was attributable to the decrease in operating days of our fleet for the period ended June 30, 2010, resulting from the lower average number of vessels in our fleet in the six-month period ended June 30, 2010 compared to the six-month period ended June 30, 2009.

Amortization of Dry-docking and Special Survey Costs

Amortization of deferred drydocking and special survey costs expense increased by 5.1%, or \$0.2 million, to \$4.1 million during the six-month period ended June 30, 2010, from \$3.9 million during the six-month period ended June 30, 2009. During the six-months period ended June 30, 2009 and 2010, five vessels and seven vessels, respectively, underwent their special survey. The increase is attributable to the amortization expense charged for the six out of seven of our vessels that were drydocked (for one vessel the drydocking was in progress as at June 30, 2010) during the six-month period ended June 30,

2010, partly offset by the amortization expense that was not charged relating to the vessels that were sold during the period.

Depreciation

Depreciation expense decreased by 4.7%, or \$1.7 million, to \$34.4 million during the six-month period ended June 30, 2010, from \$36.1 million during the six-month period ended June 30, 2009. The decrease is attributable to the sale of three vessels during the period ended June 30, 2010, partly offset by the depreciation expense charged for the vessel MSC Navarino that was delivered to us by the shipyard in May 2010. Two of the three vessels sold in the six-month period ended June 30, 2010 were fully depreciated as of the dates they were sold.

Gain on Sale of Vessels

In the six-month period ended June 30, 2010 we recorded a gain of \$7.9 million from the sale of three vessels, while in the six-month period ended June 30, 2009 we recorded a gain of \$3.9 million from the sale of five vessels.

Foreign Exchange Gains / (Losses)

Foreign exchange losses were \$0.1 million during the six-month period ended June 30, 2010, compared to losses of \$0.5 million during the six-month period ended June 30, 2009, representing a change of \$0.4 million resulting from favorable currency translation between the U.S. dollar and the Euro.

Interest Income

During the six-month period ended June 30, 2010 interest income decreased by 62.5%, or \$1.0 million, to \$0.6 million, from \$1.6 million during the six-month period ended June 30, 2009. The change in interest income is mainly due to the decreased average cash balance held by us during the six-months period ended June 30, 2010 compared to the six-month period ended June 30, 2009.

Interest and Finance Costs

Interest and finance costs decreased by 29.9%, or \$14.6 million, to \$34.2 million during the six-month period ended June 30, 2010, from \$48.8 million during the six-month period ended June 30, 2009. The decrease is mainly attributable to lower average debt balance during the six-month period ended June 30, 2010 compared to six-month period ended June 30, 2009. The interest expense decreased to \$9.0 million during the six-month period ended June 30, 2010, from \$32.2 million during the six-month period ended June 30, 2009 due to decreased base rates. The costs relating to our interest rate swap agreements increased to \$26.2 million during the six-month period ended June 30, 2010, from \$14.5 million during the six-month period ended June 30, 2009, due to the increased difference between market rates and fixed rates.

Other

Other decreased to \$0.3 million during the six-month period ended June 30, 2010, from \$4.3 million during the six-month period ended June 30, 2009. The decrease is primarily attributable to the decreased income resulting from our vessels' hull and machinery as well as guarantee claims recoveries.

Gain (Loss) on Derivative Instruments

The fair value of our 11 derivative instruments that were outstanding as of June 30, 2010 equates to the amount that would be paid by us should those instruments be terminated. As of June 30, 2010, the fair value of these 11 interest rate swaps in aggregate amounted to a liability of \$118.5 million. Ten of the 11 interest rate derivative instruments

that were outstanding as at June 30, 2010 qualified for hedge accounting and the effective portion in the change of their fair value is recorded in Other

comprehensive loss in stockholders' equity. For the six-month period ended June 30, 2010, a loss of \$31.7 million has been recorded in Other comprehensive loss in stockholders' equity and a loss of \$5.6 million has been recorded in Gain (loss) on derivative instruments in the consolidated statement of income.

Year ended December 31, 2009 compared to the year ended December 31, 2008

During the year ended December 31, 2009, we had an average of 47.3 vessels in our fleet. During the year ended December 31, 2008, we had an average of 52.8 vessels in our fleet. In 2009, we acquired the vessels *Gifted* and *Genius* with an aggregate TEU capacity of 5,844, and we sold 10 vessels with an aggregate TEU capacity of 18,333. During 2008, we acquired the vessels *Gem* and *Maersk Kokura* with an aggregate TEU capacity of 10,325, and we sold one vessel with a TEU capacity of 978. During 2009 our fleet operating days totaled 17,279 days. During 2008 our fleet operating days totaled 19,316 days. Operating days are the primary driver of voyage revenue and vessels operating expenses.

(Expressed in millions of U.S. dollars, except percentages)	Year ended December 31,		Change	Percentage Change
	2008	2009		
Voyage revenue	\$ 426.3	\$ 399.9	\$ (26.4)	(6.2 %)
Voyage expenses	(3.7)	(3.1)	0.6	16.2 %
Vessels operating expenses	(148.4)	(114.5)	33.9	22.8 %
General and administrative expenses	(2.6)	(1.7)	0.9	34.6 %
Management fees	(13.5)	(12.2)	1.3	9.6 %
Amortization of dry-docking and special survey costs	(6.7)	(8.0)	(1.3)	(19.4 %)
Depreciation	(72.3)	(71.1)	1.2	1.7 %
Gain on sale of vessels	0.1	2.9	2.8	
Foreign exchange gains / (losses)	0.2	(0.5)	(0.7)	(350.0 %)
Interest income	5.6	2.7	(2.9)	(51.8 %)
Interest and finance costs	(68.4)	(86.8)	(18.4)	(26.9 %)
Other	0.1	3.9	3.8	
Gain (loss) on derivative instruments	(17.0)	5.6	22.6	(132.9 %)
Net Income	\$ 99.7	\$ 117.1	\$ 17.4	17.5 %

	Year ended December 31,		Change	Percentage Change
	2008	2009		
Fleet operational data				
Average number of vessels	52.8	47.3	(5.5)	(10.4 %)
Operating days	19,316	17,279	(2,037)	(10.5 %)
Number of vessels drydocked	15	6	(9)	
Voyage Revenue				

Voyage revenue decreased by 6.2%, or \$26.4 million, to \$399.9 million during the year ended December 31, 2009, from \$426.3 million during the year ended December 31, 2008. The decrease was primarily attributable to the

decrease in operating days of our fleet for the year, resulting from the lower average number of vessels in our fleet in 2009 compared to 2008.

Voyage Expenses

Voyage expenses decreased by 16.2%, or \$0.6 million, to \$3.1 million during the year ended December 31, 2009 from \$3.7 million during the year ended December 31, 2008. The decrease was primarily attributable to the decrease in operating days of our fleet for the year, resulting from the lower average number of vessels in our fleet in 2009 compared to 2008. Furthermore, the decrease is attributable to off-hire related lower port and fuel consumption expenses as well as to decreased commissions charged by third parties. The main reason for the decrease in off-hire related expenses in

2009 is the decreased fleet off-hire days in 2009 compared to 2008, resulting from six of our vessels being drydocked in 2009 compared to 15 vessels in 2008.

Vessels Operating Expenses

Vessels operating expenses decreased by 22.8%, or \$33.9 million, to \$114.5 million during the year ended December 31, 2009, from \$148.4 million during the year ended December 31, 2008. The decrease was mainly attributable to decreased fleet operating days for the year, resulting from the sale of 10 vessels in 2009.

General and Administrative Expenses

General and administrative expenses decreased by 34.6%, or \$0.9 million, to \$1.7 million during the year ended December 31, 2009, from \$2.6 million during the year ended December 31, 2008. The decrease in 2009 is mainly attributable to the increase in legal, accounting and advisory fees charged to us for the corporate structure reorganization process we underwent in 2008.

Management Fees

Management fees paid to our managers decreased by 9.6%, or \$1.3 million, to \$12.2 million during the year ended December 31, 2009, from \$13.5 million during the year ended December 31, 2008. The decrease was attributable to the decrease in operating days of our fleet for the year, resulting from the lower average number of vessels in our fleet in 2009 compared to 2008.

Amortization of Dry-docking and Special Survey Costs

Amortization of deferred drydocking and special survey costs expense increased by 19.4%, or \$1.3 million, to \$8.0 million in 2009, from \$6.7 million in 2008. The increase is attributable to the amortization expense charged for the six of our vessels that were drydocked in 2009 and to the amortization expense charged for the whole year for 15 of our vessels that were drydocked in 2008.

Depreciation

Depreciation expense decreased by 1.7%, or \$1.2 million, to \$71.1 million during the year ended December 31, 2009, from \$72.3 million during the year ended December 31, 2008. The decrease is attributable to the sale of 10 of our vessels in 2009. Seven of the 10 vessels sold in 2009 were fully depreciated as of the dates they were sold.

Gain on Sale of Vessels

In 2009 we recorded a gain of \$2.9 million from the sale of 10 vessels, while in 2008 we recorded a gain of \$0.1 million from the sale of one vessel.

Foreign Exchange Gains / (Losses)

Foreign exchange losses were \$0.5 million during the year ended December 31, 2009, compared to gains of \$0.2 million during the year ended December 31, 2008, representing a change of \$0.7 million resulting primarily from more unfavorable currency translation between the U.S. dollar and the Euro.

Interest Income

During the year ended December 31, 2009 interest income decreased by 51.8%, or \$2.9 million, to \$2.7 million, from \$5.6 million during the year ended December 31, 2008. The change in interest income is mainly due to the aggregate

gain of \$2.1 million that we recorded in 2008, which resulted from the termination of two interest rate swap agreements we had entered into in 2008.

Interest and Finance Costs

Interest and finance costs increased by 26.9%, or \$18.4 million, to \$86.8 million during the year ended December 31, 2009, from \$68.4 million during the year ended December 31, 2008. The interest expense decreased to \$47.5 million during the year ended December 31, 2009, from \$60.9 million during the year ended December 31, 2008, due to the decreased base rates. The costs relating to our interest rate swap agreements increased to \$34.6 million during the year ended December 31, 2009, from \$2.8 million during the year ended December 31, 2008. The change in interest and finance costs was primarily due to the increased indebtedness during the year.

Other

Other increased to \$3.9 million during the year ended December 31, 2009, from \$0.1 million during the year ended December 31, 2008. The increase is primarily attributable to the increased income resulting from our vessels' hull and machinery as well as guarantee claims recoveries.

Gain (Loss) on Derivative Instruments

The fair value of the 11 derivative instruments that were outstanding as at December 31, 2009, equates to the amount that would be paid by us should those instruments be terminated. As at December 31, 2009, the fair value of these 11 interest rate swaps in aggregate amounted to a liability of \$81.2 million. On December 31, 2008, 12 interest rate derivative instruments that were outstanding and their fair value amounted to a liability of \$132.3 million. Ten of the 11 interest rate derivative instruments that were outstanding as at December 31, 2009 qualified for hedge accounting and the effective portion in the change of their fair value is recorded in 'Other comprehensive loss' in stockholders' equity. For the year ended December 31, 2009, a gain of \$42.7 million has been recorded in 'Other comprehensive loss' in stockholders' equity and a gain of \$8.1 million has been recorded in 'Gain (loss) on derivative instruments' in the consolidated statement of income.

Year ended December 31, 2008 compared to the year ended December 31, 2007

During the year ended December 31, 2008, we had an average of 52.8 vessels in our fleet. During the year ended December 31, 2007, we had an average of 46.2 vessels in our fleet. During 2008, we acquired the vessels Gem and Maersk Kokura with an aggregate TEU capacity of 10,325 and we sold one vessel with a TEU capacity of 978. During 2007 we acquired five vessels with an aggregate TEU capacity of 18,897. During 2008, our fleet operating days totaled 19,316 days. During 2007, our fleet operating days totaled 16,875 days. Operating days are the primary driver of voyage revenue and vessels operating expenses.

(Expressed in millions of U.S. dollars, except percentages)	Year ended December 31,		Change	Percentage Change
	2007	2008		
Voyage revenue	\$ 370.1	\$ 426.3	\$ 56.2	15.2 %
Voyage expenses	(2.8)	(3.7)	(0.9)	(32.1 %)
Vessels operating expenses	(124.7)	(148.4)	(23.7)	(19.0 %)
General and administrative expenses	(0.5)	(2.6)	(2.1)	(420.0 %)
Management fees	(11.8)	(13.5)	(1.7)	(14.4 %)
Amortization of dry-docking and special survey costs	(3.1)	(6.7)	(3.6)	(116.1 %)
Depreciation	(50.7)	(72.3)	(21.6)	(42.6 %)
Gain on sale of vessels	0.0	0.1	0.1	

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Foreign exchange gains / (losses)	(0.6)	0.2	0.8	133.3 %
Other income / (expenses)	(0.3)	0.0	0.3	100.0 %
Interest income	3.6	5.6	2.0	55.6 %
Interest and finance costs	(62.6)	(68.4)	(5.8)	9.3 %
Other	0.2	0.1	(0.1)	(50.0 %)
Gain (loss) on derivative instruments	(1.5)	(17.0)	(15.5)	
Net Income	\$ 115.3	\$ 99.7	\$ (15.6)	(13.5 %)

	Year ended December 31,		Change	Percentage Change
	2007	2008		
Fleet operational data				
Average number of vessels	46.2	52.8	6.6	14.3 %
Operating days	16,875	19,316	2,441	14.5 %
Number of vessels drydocked	10	15	5	
Voyage Revenue				

Voyage revenues increased by 15.2%, or \$56.2 million, to \$426.3 million during the year ended December 31, 2008, from \$370.1 million during the year ended December 31, 2007. The increase was attributable to the increase in operating days of our fleet for the year, resulting from the higher average number of vessels in our fleet in 2008 compared to 2007.

Voyage Expenses

Voyage expenses increased by 32.1%, or \$0.9 million, to \$3.7 million during the year ended December 31, 2008, from \$2.8 million during the year ended December 31, 2007. The increase was primarily attributable to the increase in operating days of our fleet for the year, resulting from the higher average number of vessels in our fleet in 2008 compared to 2007. Furthermore the increase is attributable to off-hire related port and fuel consumption expenses as well to increased commissions charged by third parties. The main reason for the increase in off-hire related expenses in 2008 is the increased fleet off-hire days in 2008 compared to 2007, resulting from 15 of our vessels being drydocked in 2008 compared to 10 vessels in 2007.

Vessels Operating Expenses

Vessels operating expenses increased by 19.0%, or \$23.7 million, to \$148.4 million during the year ended December 31, 2008, from \$124.7 million during the year ended December 31, 2007. The increase was mainly attributable to increased fleet operating days for the year, resulting from the acquisition of two new vessels in 2008, along with the five vessels acquired in 2007 that operated for the entire year in 2008.

General and Administrative Expenses

General and administrative expenses increased to \$2.6 million during the year ended December 31, 2008, from \$0.5 million during the year ended December 31, 2007. The increase is mainly attributable to the increased legal, accounting and advisory fees charged to us for the corporate structure reorganization process we underwent in 2008.

Management Fees

Management fees paid to our managers increased by 14.4%, or \$1.7 million, to \$13.5 million during the year ended December 31, 2008, from \$11.8 million during the year ended December 31, 2007. The increase is attributable to the increased vessel operating days in 2008 with the acquisition of two vessels along with the five vessels acquired in 2007 that operated for the entire year in 2008.

Amortization of Dry-docking and Special Survey Costs

Amortization of deferred drydocking and special survey costs increased by 116.1%, or \$3.6 million, to \$6.7 million in 2008, from \$3.1 million in 2007. The increase is attributable to the amortization expense charged for the 15 of our vessels that were drydocked in 2008 along with the amortization expense charged for the whole year for the 10 vessels

that were drydocked in 2007.

Depreciation

Depreciation expense increased by 42.6%, or \$21.6 million, to \$72.3 million during the year ended December 31, 2008, from \$50.7 million during the year ended December 31, 2007. The increase in depreciation expense was primarily due to the two vessels acquired in 2008 along with the depreciation expense charged for the whole year for the five vessels that were acquired in 2007.

Gain on Sale of Vessels

In 2008 we recorded a gain of \$0.1 million from the sale of one vessel. In 2007 we did not sell any vessels.

Foreign Exchange Gains / (Losses)

Foreign exchange gains were \$0.2 million during the year ended December 31, 2008, compared to losses of \$0.6 million during the year ended December 31, 2007, representing a change of \$0.8 million resulting primarily from more favorable currency translation between the U.S. dollar and the Euro.

Interest Income

During the year ended December 31, 2008, interest income increased by 55.6%, or \$2.0 million, to \$5.6 million, from \$3.6 million during the year ended December 31, 2007. The change in interest income is primarily due to the aggregate gain of \$2.1 million that we recorded in 2008 which resulted from the termination of two interest rate swap agreements we had entered into in 2008.

Interest and Finance Costs

Interest and finance costs increased by 9.3%, or \$5.8 million, to \$68.4 million during the year ended December 31, 2008, from \$62.6 million during the year ended December 31, 2007. The change in interest expense was primarily due to the increased indebtedness during the year.

Other

Other decreased by 50.0%, or \$0.1 million, to \$0.1 million during the year ended December 31, 2008, from \$0.2 million during the year ended December 31, 2007. The decrease is primarily attributable to the expiry of free lubricant agreements in 2007.

Gain (Loss) on Derivative Instruments

The fair value of the 12 interest rate derivative instruments that were outstanding as at December 31, 2008 equates to the amount that would be paid by us should those instruments be terminated. As at December 31, 2008, the fair value of these 12 interest rate swaps in aggregate amounted to a liability of \$132.3 million. On December 31, 2007, one interest rate derivative instrument was outstanding and its fair value amounted to a liability of \$1.5 million. Ten of the 12 interest rate derivative instruments that were outstanding as at December 31, 2008, qualified for hedge accounting and the effective portion in the change of their fair value is recorded in *Other comprehensive loss* in stockholders equity. For the year ended December 31, 2008, a loss of \$103.7 million has been recorded in *Other comprehensive loss* in stockholders equity and a loss of \$19.3 million has been recorded in *Gain (loss) on derivative instruments* in the consolidated statement of income.

Seasonality

Our containerships mainly operate under multi-year charters and therefore are not subject to the effect of seasonal variations in demand. Additionally, our business is not subject to seasonal borrowing requirements.

Liquidity and Capital Resources

In the past, our principal sources of funds have been operating cash flows and long-term bank borrowings. Our principal uses of funds have been capital expenditures to establish, grow and maintain our fleet, comply with international shipping standards, environmental laws and regulations, fund working capital requirements and pay dividends. In monitoring our working capital needs, we project our charter hire income and vessels' maintenance and running expenses, as well as debt service obligations, and seek to maintain adequate cash reserves in order to address any budget overruns.

Our primary short-term liquidity need is to fund our vessel operating expenses. Our long-term liquidity needs primarily relate to additional vessel acquisitions in the containership sectors and debt repayment. We anticipate that our primary sources of funds will be cash from operations, the proceeds of this offering and undrawn borrowing capacity under our committed revolving credit facility and our new committed term loan, along with borrowings under new credit facilities that we intend to obtain from time to time in connection with vessel acquisitions. Other than this offering we do not currently have any specific plans with respect to any future equity financing. We believe that these sources of funds will be sufficient to meet our short-term and long-term liquidity needs, including our contracts to purchase secondhand containerships and our agreements, subject to certain conditions, to acquire newbuilds, although there can be no assurance that we will be able to obtain future debt financing on terms acceptable to us.

As at June 30, 2010 we had \$45.8 million of cash and cash equivalents, including \$43.4 million of restricted cash. In addition we had investments comprised of U.S. Government securities and Province of Ontario securities totaling \$14.1 million.

As at June 30, 2010, we had an aggregate of \$1.4 billion of indebtedness outstanding under various credit agreements, of which \$49.8 million is repayable in the second half of 2010. As at the same date we had \$74.2 million of an undrawn credit line and the vessels shown in the table below were free of debt. On September 16, 2010, we obtained a commitment letter for a \$120.0 million term loan facility, subject to execution of definitive documentation and conditioned upon the closing of this offering. See [Credit Facilities](#).

Vessel Name	Year Built	TEU Capacity
COSCO HELLAS	2006	9,469
MSC NAVARINO	2010	8,531
SEALAND MICHIGAN	2000	6,648
MSC AUSTRIA	1984	3,584
AKRITAS	1987	3,152
MSC SUDAN	1976	1,630
MSC TUSCANY	1978	1,468
MSC SICILY ⁽¹⁾	1978	1,466
MSC FADO	1978	1,181
HORIZON	1991	1,068

⁽¹⁾ *MSC Sicily*
was sold
and was

delivered
to its
buyers on
September
23, 2010.

In the first half of 2010 we did not declare any dividends. In 2009 we declared dividends from our retained earnings to our existing stockholders of \$40.2 million, of which \$30.2 million were paid in 2009 and \$10.0 million were paid on January 14, 2010. In 2008 we declared and paid dividends from our retained earnings to our existing stockholders of \$10.8 million.

Furthermore, in 2008 in relation to our reorganization process we paid out distributions to our existing stockholders of \$400.0 million (\$269.0 million of which was paid in 2008 and \$131.0 million in 2009). As discussed under 2008 Reorganization, the \$400.0 million in distributions were paid pursuant to the MSA in connection with the sale by the Konstantakopoulos family of the shares or assets of 53 ship-owning companies to the Company or newly formed subsidiaries of the Company. No distributions were paid in the first half of 2010.

The dividends and distributions paid during 2008, 2009 and the first half of 2010, were funded in part by borrowings and in part by cash from operations. On a cumulative basis for the entire period,

cash flow from operating activities exceeded the aggregate amount of dividends and distributions. The Company does not intend to use the proceeds of the offering to repay the borrowing noted above, although the Company may from time to time in the future apply available cash to the temporary or permanent reduction of its indebtedness.

Following this offering, we intend to pay a quarterly dividend of \$0.25 per share, or \$1.00 per share per year. Although our dividend policy will depend upon our future liquidity needs, we currently intend to pay dividends in amounts that will allow us to fund vessel, fleet or company acquisitions that we expect to be accretive to earnings and cash flows, and for debt repayment and drydocking costs, as determined by management and our board of directors. See Dividend Policy .

Working Capital Position

As of June 30, 2010, our current assets totaled \$53.2 million while current liabilities totaled \$173.2 million, resulting in a negative working capital position of \$120.0 million. Based on our fixed-rate charters, we believe we will generate sufficient cash during the following 12 months to make the required principal and interest payments on our indebtedness, provide for the normal working capital requirements and remain in a positive cash position.

Cash Flows

Six-month periods ended June 30, 2010 and June 30, 2009

(Expressed in millions of U.S. dollars)	Six-month period ended June 30,	
	2010	2009
Condensed cash flows		
Net Cash Provided by Operating Activities	\$ 56.0	\$ 83.0
Net Cash Provided by (Used in) Investing Activities	(9.2)	32.7
Net Cash Provided by (Used in) Financing Activities	(56.7)	(182.2)
<i>Net Cash Provided by Operating Activities</i>		

Net cash flows provided by operating activities for the six-month period ended June 30, 2010 decreased \$27.0 million to \$56.0 million, compared to \$83.0 million for the six-month period ended June 30, 2009. The decrease was primarily attributable to (a) decreased cash from operations of \$45.1 million resulting from the decreased average number of vessels in 2010 compared to 2009 and to the increased Accrued charter revenue of \$18.4 million deriving from escalating charter rates under which certain of our vessels operate; the Accrued charter revenue is attributed to the time difference between the revenue recognition and the cash collection, and (b) increased payments for drydockings of \$3.4 million, partly offset by reduced payments for interest (including swap payments) of \$14.7 million in the six-month period ended June 30, 2010 compared to the six-month period ended June 30, 2009.

Net Cash Provided by (Used in) Investing Activities

Net cash used in investing activities was \$9.2 million in the six-month period ended June 30, 2010, which consists of (a) \$28.3 million in payments to the shipyard for the construction cost of MSC Navarino and (b) \$19.1 million we received from the sale of three vessels.

Net cash provided by investing activities was \$32.7 million in the six-month period ended June 30, 2009, which consists of (a) \$17.3 million we received from the sale of government securities and (b) \$15.5 million we received from the sale of five vessels and a 15% advance payment for the sale of MSC Togo, which was delivered to its new owners in July 2009.

Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities was \$56.7 million in the six-month period ended June 30, 2010, which mainly consists of \$44.1 million of indebtedness that we repaid and \$10.0 million in dividends we paid to our shareholders.

Net cash used in financing activities amounted to \$182.2 million in the six-month period ended June 30, 2009, and mainly consists of \$49.8 million of indebtedness that we repaid, \$131.0 million in distributions we paid to our shareholders in connection with our Company's 2008 corporate reorganization and \$3.0 million in dividends we paid to our shareholders.

Years ended December 31, 2007, 2008 and 2009

(Expressed in millions of U.S. dollars)	Year ended December 31,		
	2007	2008	2009
Condensed cash flows			
Net Cash Provided by Operating Activities	\$ 166.6	\$ 247.5	\$ 161.9
Net Cash Provided by (Used in) Investing Activities	(257.6)	(138.3)	12.8
Net Cash Provided by (Used in) Financing Activities	93.1	(22.5)	(252.7)
<i>Net Cash Provided by Operating Activities</i>			

Net cash flows provided by operating activities for the year ended December 31, 2009 decreased \$85.6 million to \$161.9 million, compared to \$247.5 million for the year ended December 31, 2008. The decrease was primarily attributable to (a) decreased cash from operations of \$49.9 million resulting from the decreased average number of vessels in 2009 compared to 2008 and to the increased Accrued charter revenue of \$22.4 million deriving from escalating charter rates under which certain of our vessels operate (Accrued charter revenue is attributed to the time difference between the revenue recognition and the cash collection) (b) increased interest payments (including swap payments) of \$17.2 million and (c) unfavorable change in the working capital position, excluding the current portion of long term debt and the accrued charter revenue of \$70.0 million, partly offset by a reduction in drydocking payments of \$17.3 million in 2009 compared to 2008.

Net cash flows provided by operating activities increased by \$80.9 million to \$247.5 million for 2008, from \$166.6 million for 2007. The increase in 2008 was primarily attributable to (a) increased cash from operations of \$55.3 million resulting from the increased average number of vessels in 2008 compared to 2007 and (b) favorable change in the working capital position, excluding the current portion of long term debt and the accrued charter revenue of \$65.4 million, partly offset by increased interest payments (including swap payments) of \$6.8 million, and increased drydocking payments of \$13.3 million in 2008 compared to 2007.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities was \$12.8 million in 2009, which consists of (a) \$8.9 million in payments for the acquisition of the vessels Genius and Gifted, (b) \$47.9 million in payments for the construction cost of MSC Navarino, (c) \$21.4 million we received from the sale of government securities and (d) \$48.2 million we received from the sale of 10 vessels.

Net cash used in investing activities was \$138.3 million for 2008, which consists of (a) \$104.2 million in payments for the acquisition of the vessels Gem and Maersk Kokura, (b) \$56.9 million in payments for the purchase of government securities, (c) \$21.7 million we received from the sale of government securities and (d) \$1.1 million we received from the sale of the vessel Windward.

Net cash used in investing activities was \$257.6 million for 2007, which consists of the 10% advance payment for the acquisition of the vessels Gem and Maersk Kokura, amounting to \$11.5 million, and \$246.0 million paid for the acquisition of the vessels Gather, Garden, Maersk Kawasaki, Gentle and Maersk Kure.

Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities was \$252.7 million in 2009, which mainly consists of \$30.0 million of proceeds drawn under our loan facility, \$124.4 million of indebtedness that we repaid and \$161.2 million in dividends we paid to our shareholders.

Net cash used in financing activities in 2008 amounted to \$22.5 million and mainly consists of \$1,161.4 million of proceeds drawn under our credit facilities, \$875.3 million of indebtedness that we repaid, net of assets acquired in connection with our company's corporate structure reorganization, \$269.0 million we paid to our shareholders in connection with our company's corporate structure reorganization and \$47.6 million reflecting the increase in restricted cash.

Net cash provided by financing activities in 2007 amounted to \$93.1 million and consisted of \$246.1 million of proceeds drawn under our credit facilities in order to partially finance the acquisition cost for the vessels acquired, \$112.0 million of indebtedness that we repaid under our credit facilities and \$88.6 million in dividends we paid to our shareholders.

Credit Facilities

We, either as guarantor or direct borrower, and certain of our subsidiaries as borrowers or guarantors, have entered into a number of credit facilities secured by containerships in our fleet. All of these facilities are denominated in U.S. dollars. The following summarizes certain terms of our existing credit facilities as at June 30, 2010:

Lender	Outstanding Principal Amount (in thousands)	Available Borrowing Capacity	Interest Rate ⁽¹⁾	Maturity	Repayment profile ⁽³⁾
Bank Syndicate ⁽⁴⁾	\$ 863,758	\$ 74,242	LIBOR +) Margin ⁽²⁾	2018	Fixed payments through June 2011, thereafter determined based on the TEU weighted age of the ships used as collateral
Emporiki	132,000	0	LIBOR +) Margin ⁽²⁾	2018	Straight line amortization with balloon in 2018
HSBC	70,000	0	LIBOR +) Margin ⁽²⁾	2018	Variable installments with balloon in 2018
Calyon	72,500	0	LIBOR +) Margin ⁽²⁾	2018	Straight line amortization with balloon in 2018
RBS	70,000	0	LIBOR +) Margin ⁽²⁾	2018	Straight line amortization with balloon in 2018
Alpha	130,000	0	LIBOR +) Margin ⁽²⁾	2017	Variable installments with balloon in 2017
Calyon	8,000	0	LIBOR +) Margin ⁽²⁾	2013	Fixed payments until 2013
Calyon	11,400	0	)	2013	Fixed payments until 2013

			LIBOR + Margin ⁽²⁾		
NBG	26,190	0	LIBOR +) Margin ⁽²⁾	2012	Fixed payments until 2012
Alpha	4,900	0	LIBOR +) Margin ⁽²⁾	2010	One payment of \$4.9 million due in November 2010
RBS	2,785	0	LIBOR +) Margin ⁽²⁾	2010	Total amount due of \$2.79 million in 2010

(1) The interest rates of long-term debt at June 30, 2010 ranged from 1.13% to 6.75%, and the weighted average interest rate as at June 30, 2010 was 4.38%.

(2) The interest rate margin at June 30, 2010 ranged from 0.70% to 1.75%, and the weighted average interest rate margin as at June 30, 2010 was 1.01%.

(3) To see the detailed repayment profile of our loans, please read Note 8 of our consolidated financial statements included in this prospectus.

(4) Bank Syndicate:
Deutsche
Schiffsbank
Aktiengesellschaft,

Unicredit Bank
AG, Credit Suisse,
HSH Nordbank AG
and Fortis Bank
S.A./N.V.

On September 16, 2010, we obtained a commitment letter for a \$120.0 million term loan facility, subject to execution of definitive documentation and conditioned upon the closing of this offering. We are also in negotiations for a term loan facility that would provide up to \$210 million to finance part of the pre- delivery and the delivery payments for three 9,000 TEU newbuilds for which we have executed contracts, each newbuild contract being subject to a financing condition. The \$210 million term loan facility is expected to have a repayment period of 10 years from delivery of each newbuild, with lenders reserving the right to request prepayment of the facility on the seventh year.

The credit facilities impose certain operating and financial restrictions on us. These restrictions in our existing credit facilities generally limit Costamare Inc. and our subsidiaries' ability to, among other things:

pay dividends if an event of default has occurred and is continuing or would occur as a result of the payment of such dividends;

purchase or otherwise acquire for value any shares of the subsidiaries' capital;

make or repay loans or advances, other than repayment of the credit facilities;

make investments in other persons;

sell or transfer significant assets, including any vessel or vessels mortgaged under the credit facilities, to any person, including Costamare Inc. and our subsidiaries;

create liens on their assets; or

allow the Konstantakopoulos family's direct or indirect holding in Costamare Inc. to fall below 40% of the total issued share capital.

Our existing credit facilities also require Costamare Inc. and certain of our subsidiaries to maintain specified loan to value ratios as summarized below:

under our \$1 billion credit facility, as amended by a supplemental agreement dated June 22, 2010, Costamare Inc. may not allow the aggregate of (a) the aggregate market value, primarily on a charter inclusive basis, of the mortgaged vessels under this facility, (b) the market value of any additional security provided to the lender, and (c) (during the waiver period only, as described below) the aggregate minimum cash amount equal to 3% of the loan outstanding to fall below 80% during a waiver period extending through December 31, 2011, and

thereafter,
125% of the
aggregate of
the term loan,
the revolving
advances and
the swap
exposure; or

under certain
of our
subsidiaries
credit
facilities,
each with
Costamare
Inc. as
guarantor, we
may not
allow the
aggregate of
(a) the
aggregate
market value,
primarily on
an inclusive
charter basis,
of the
mortgaged
vessel or
vessels, and
(b) the market
value of any
additional
security
provided to
the lender to
fall below a
percentage
ranging
between
110% to
125% of the
then
outstanding
amount of the
credit facility
and any
related swap
exposure.

Costamare Inc. is required to maintain compliance with the following financial covenants:

the ratio of
our total
liabilities
(after
deducting all
cash and
cash
equivalents)
to market
value
adjusted
total assets
(after
deducting all
cash and
cash
equivalents)
may not
exceed
0.75:1;

the ratio of
EBITDA
over net
interest
expense
must be
equal to or
higher than
2.5:1;

the
aggregate
amount of
all cash and
cash
equivalents
may not be
less than the
greater of (i)
\$30 million
or (ii) 3% of
the total
debt,
provided,
however,
that a
minimum
cash amount
equal to 3%

of the loan
outstanding
must be
maintained
in the
accounts of
the
borrower;
and

the market
value
adjusted net
worth must
at all times
exceed \$500
million.

Our credit facilities contain customary events of default, including nonpayment of principal or interest, breach of covenants or material inaccuracy of representations, default under other material indebtedness and bankruptcy.

We expect our committed term loan facility with the Royal Bank of Scotland plc to contain similar covenants and events of default.

See [Description of Indebtedness](#) for more information about our credit facilities.

Contractual Obligations

Our contractual obligations as of December 31, 2009, were adjusted to reflect changes in expected management fees resulting from changes in charter arrangements occurring after that date:

	Total	Payments Due by Period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
		(Expressed in thousands of U.S. dollars)			
Long-term debt obligations	\$ 1,435,593	\$ 93,856	\$ 263,609	\$ 262,481	\$ 815,647
Interest on long-term debt obligations ⁽¹⁾	387,784	72,632	119,898	88,963	106,292
Payments to our manager ⁽²⁾	104,228	12,408	42,462	31,693	17,664
Payments for newbuild contracts ⁽³⁾	24,000	24,000	0	0	0
Total	\$ 1,951,605	\$ 202,896	\$ 425,969	\$ 383,137	\$ 939,603

- (1) We expect to be obligated to make the interest payments set forth in the above table with respect to our long-term debt obligations. The interest payments are based on annual assumed all-in rates calculated for the unhedged portion of our debt

obligations
based on the
forward yield
curve and on
the average
yearly debt
outstanding.
See Credit
Facilities and
Description of
Indebtedness .

- (2) This amount assumes that we will cease paying our managers any fees in connection with the management of a vessel once the vessel exceeds 30 years of age, unless the vessel will exceed 30 years of age at the expiry of its current charter party, in which case we assume that we will pay the manager a fee for the management of that vessel until its charter expires. Additionally, management fees for 2010 are calculated on the assumption that the current \$700 fee per vessel per day fee is applied

until
September 1,
2010.
Thereafter, the
new
management
fee
arrangement
will be in
effect, which
includes (a) a
daily fee of
\$850 per day
per vessel, (b)
a 0.75%
chartering
commission on
charter
revenues
earned and (c)
a newbuild
supervision fee
of \$700,000
per newbuild.
Pursuant to the
terms of the
management
agreement, the
amount
assumes an
annual
escalation of
the daily fee
by 4%
beginning
January 1,
2013. This
amount does
not reflect the
newbuild
supervision
fees associated
with our
agreements,
subject to
certain
conditions, to
acquire three
newbuilds or
the daily per
vessel

management
fees and
chartering
commissions
payable with
respect to such
vessels, or the
four
secondhand
vessels we
have
contracted to
acquire.

- (3) The amount
was paid to the
shipyard on
May 3, 2010
and we took
delivery of the
newbuild
vessel MSC
Navarino. This
amount does
not reflect our
contractual
commitments
to acquire four
secondhand
vessels at an
aggregate
price of \$45.0
million, or our
agreements,
subject to us
obtaining
financing, to
acquire three
newbuilds at
an aggregate
price of
approximately
\$285 million.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The shipping industry is a capital intensive industry, requiring significant amounts of investment. Much of this investment is provided in the form of long-term debt. Our debt usually contains interest rates that fluctuate with the financial markets. Increasing interest rates could adversely impact future earnings.

Our interest expense is affected by changes in the general level of interest rates, particularly LIBOR. As an indication of the extent of our sensitivity to interest rate changes, an increase of 100 basis points would have decreased our net income and cash flows during the year ended December 31, 2009 by approximately \$0.6 million based upon our debt level during 2009.

The following table sets forth the sensitivity of our long-term debt including the effect of our derivative contracts to a 100 basis points increase in LIBOR during the next five years on the same basis.

Net Difference in Earnings and Cash Flows (in millions of U.S. dollars):

Year	Amount
2010	\$ 1.5
2011	1.0
2012	1.7
2013	2.7
2014	4.4

Interest Rate Swaps

In connection with certain of our credit facilities under which we pay a floating base rate of interest, we entered into interest rate swap agreements designed to decrease the fluctuation in our financing cash outflows by taking advantage of the relatively lower interest rate environment in recent years. We have recognized these derivative instruments on the balance sheet at their fair value. Pursuant to the adoption of our Risk Management Accounting Policy, and after putting in place the formal documentation required by ASC 815 (formerly SFAS 133) in order to designate these swaps, as of and after January 1, 2008, as hedging instruments, 10 of the 11 interest rate swaps to which we were a party as at December 31, 2009, qualified for hedge accounting, and, accordingly, since that time, only hedge ineffectiveness amounts arising from the differences in the change in fair value of the hedging instrument and the hedged item are recognized in our earnings. Assessment and measurement of prospective and retrospective effectiveness for these interest rate swaps will be performed on a quarterly basis, on the financial statement and earnings reporting dates. Prior to January 1, 2008, we recognized changes in the fair value of the interest rate swaps in current period earnings as these interest rate swap agreements did not qualify as hedging instruments under the requirements in the accounting literature described below because we had not adopted a hedging policy. These changes would occur due to changes in market interest rates for debt with substantially similar credit risk, payment profile and terms. We have not held or issued derivative financial instruments for trading or other speculative purposes.

Set forth below is a table of our interest rate swap arrangements as of December 31, 2009.

(a) Interest rate swaps that meet the criteria for hedge accounting

Counterparty	Effective date	Termination date	Notional amount on effective date	Fixed rate (Costamare pays)	Floating rate (Costamare receives)	Fair value Dec. 31, 2009
(Amounts in thousands of U.S. dollars)						
HYP0	06/30/2008	06/30/2015	\$ 425,000	4.03% p.a.	USD LIBOR 3M BBA	\$ (24,277)
HYP0	06/30/2008	06/30/2015	75,000	4.03% p.a.	USD LIBOR 3M BBA	(4,284)
HSH	09/30/2008	06/30/2015	100,000	4.09% p.a.	USD LIBOR 3M BBA	(5,929)
DEUTSCHE SCHIFFSBANK	09/30/2008	06/30/2015	250,000	4.02% p.a.	USD LIBOR 3M BBA	(13,726)
EMPORIKI BANK	05/16/2008	05/16/2014	75,000	3.88% p.a.	USD LIBOR 6M BBA	(3,678)

EMPORIKI BANK	05/16/2008	05/16/2014	75,000	3.88% p.a.	USD LIBOR 6M BBA	(3,678)
ALPHA BANK	06/17/2008	06/17/2013	73,000	3.57% p.a.	USD LIBOR 6M BBA	(3,076)
ALPHA BANK	06/17/2008	06/17/2013	73,000	3.57% p.a.	USD LIBOR 6M BBA	(3,076)
RBS	02/21/2007	02/21/2017	85,000	Zero cost Interest rate Collar*		(7,685)
HSBC	08/04/2008	08/05/2013	74,000	3.595% p.a.	USD LIBOR 6M BBA	(3,637)
					Total fair value	
					\$ 1,305,000	\$ (73,046)

* Notional amount \$85 million amortizing zero-cost collar (2.23% 6.00%) with knock-in floor sold at 2.23% and struck at 6.00%, as a 10-year forward hedge, covering the period from February

2007 to
February
2017. The
agreement
guarantees
that the
interest rate
payable on
the
Company's
loans
throughout
the 10-year
period will
always
remain
between
2.23% and
6.00%
excluding
margin.

(b) Interest rate swaps that do not meet the criteria for hedge accounting

As of December 31, 2009 and 2008, the Company had outstanding one and two interest rate swap agreements, respectively, for the purpose of managing risks associated with the variability of changing LIBOR-related interest rates. More specifically:

- (i) Notional
amount \$100
million
non-amortizing
interest rate
swap agreement
concluded on
November 21,
2008 (with
effective date
on November
25, 2008) for a
period of 10
years through
November 26,
2018. Under the
agreement we
pay fixed rate at
3.33% and
receive floating
rate at
six-months
LIBOR. At

December 31, 2008, the fair value of this interest rate swap was a liability of \$4.8 million. On February 12, 2009, we unwound this interest rate cap and floor agreement and realized a loss of \$1.5 million.

- (ii) Notional amount \$100 million non-amortizing zero-cost collar (1.37% 6.00%) with a knock-in floor sold at 1.37% and struck at 6.00%, as a nine-year forward hedge, covering the period from September 2008 to March 2017. At December 31, 2009, the fair value of this swap was a liability of \$8.1 million.

ASC 815, Derivatives and Hedging, established accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. All derivatives are recognized in the consolidated financial statements at their fair value. On the inception date of the derivative contract, and on an ongoing basis, and after putting in place the formal documentation required by ASC 815 in order to designate these derivatives as hedging instruments, we designate the derivative as a hedge of a forecasted transaction or the variability of cash flow to be paid (cash flow hedge). Changes in the fair value of a derivative that is qualified, designated and highly effective as a cash flow hedge are recorded in other comprehensive income until earnings are affected by the forecasted transaction or the variability of cash flow and are then reported in earnings. Changes in the fair value of undesignated derivative instruments and the ineffective portion of designated derivative instruments are reported in earnings in the period in which those fair value changes have occurred.

Foreign Currency Exchange Risk

We generate all of our revenue in U.S. dollars, but a substantial portion of our vessel operating expenses, primarily crew wages, are in currencies other than U.S. dollars (mainly in Euro), and any gain or loss we incur as a result of the U.S. dollar fluctuating in value against those currencies is included in vessel operating expenses. As of December 31, 2009, approximately 24% of our outstanding accounts payable were denominated in currencies other than the U.S. dollar (mainly in Euro). We hold cash and cash equivalents mainly in U.S. dollars.

As of December 31, 2009, we were engaged in six foreign currency Euro/U.S. dollar forward contracts totaling \$12.0 million at an average forward rate of Euro/U.S. dollar 1.4348 expiring in monthly intervals in 2010.

As of December 31, 2008, we were engaged in 30 foreign currency Euro/U.S. dollar forward contracts totaling \$81.0 million at an average forward rate of Euro/U.S. dollar 1.3225 expiring in monthly intervals in 2009. In 24 of our 30 forward Euro/U.S. dollar contracts, the Company has the sell position (notional amount \$54.0 million) and in the remaining 6 contracts, the Company has the buy position (notional amount \$27.0 million).

As of December 31, 2008, the fair market value of the 30 forward Euro/U.S. dollar contracts was a gain of \$2.6 million. For the period from January 1, 2009 to December 31, 2009, the total change of forward contracts fair value amounted to a loss of \$2.6 million.

Furthermore, in 2010 we were engaged in 40 Euro/U.S. dollar contracts totaling \$64.0 million at an average forward rate of Euro/U.S. dollar 1.3643 expiring in monthly intervals from February 2010 up to December 2011.

We recognize these financial instruments on our balance sheet at their fair value. These foreign currency forward contracts do not qualify as hedging instruments, and thus we recognize changes in their fair value in our earnings.

Inflation

We do not consider inflation to be a significant risk to our business in the current environment and foreseeable future.

Capital Expenditures

On September 21, 2010, we contracted for the construction and purchase of three newbuild containerships, each of 9,000 TEU capacity, for a price of approximately \$95.1 million per newbuild, to be paid in five equal installments. Each newbuild contract is subject to our completion of certain financing arrangements prior to November 30, 2010. These three newbuilds are scheduled to be delivered between November 2013 and January 2014. We have also obtained options to acquire three additional newbuild containerships, each of 9,000 TEU capacity, for a price of approximately \$96.1 million per newbuild. These options must be exercised by December 24, 2010, and the associated newbuild containerships would be delivered between March and June 2014. On September 23, 2010, we

contracted for four 3,351 TEU secondhand containerships at a purchase price of \$11.25 million per containership, two to be delivered by December 20, 2010 and two by February 28, 2011. In addition, we estimate drydocking expenses will total approximately \$11.7 million in 2010, excluding off-hire costs.

Off-Balance Sheet Arrangements

We do not have any other transactions, obligations or relationships that could be considered material off-balance sheet arrangements.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of those financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosure at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions. Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies, because they generally involve a comparatively higher degree of judgment in their application. For a description of all our significant accounting policies, see Note 2 to our consolidated financial statements included elsewhere in this prospectus.

Vessel Impairment

We evaluate the carrying amounts of our vessels to determine if events have occurred that would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, we review certain indicators of potential impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions.

The economic and market conditions as at December 31, 2009, including the significant disruptions in the global credit markets, had broad effects on participants in a wide variety of industries. Since mid-August 2008, the charter rates in the containership charter market have declined significantly, and container vessel values have also declined both as a result of a slowdown in the availability of global credit and the significant deterioration in charter rates, conditions that we consider indicators of impairment.

In developing estimates of future undiscounted cash flows, we make assumptions and estimates about the vessels future performance, with the significant assumptions being related to time charter rates, vessels operating expenses, vessels capital expenditures, vessels residual value, fleet utilization, and the estimated remaining useful life of each vessel. The assumptions used to develop estimates of future undiscounted cash flows are based on historical trends as well as future expectations and taking into consideration growth rates.

We determine undiscounted projected net operating cash flows for each vessel and compare it to the vessel's carrying value. Consistent with prior years and to the extent impairment indicators were present, the projected net operating cash flows are determined by considering the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter rate for the unfixed days (based on the most recent ten year historical average rates, inflated annually by a 4% growth rate being the historical and forecasted average world GDP nominal growth rate) over the remaining estimated life of the vessel assumed to be 30 years from the delivery of the vessel from the shipyard, expected outflows for vessels operating expenses assuming an annual inflation rate of 2.7% (in line with the average world Consumer Price Index forecasted), planned drydocking and special survey expenditures, management fees expenditures which are adjusted every four years by an inflation rate of 2.7% and fleet utilization of 99.2% (excluding the scheduled off-hire days for planned drydockings and special surveys which are determined separately

ranging from 8 to 20 days depending on size and age of each vessel) based on historical experience. The salvage value used in the impairment test is estimated

to be in the range from \$150 to \$250 per light weight ton in accordance with our vessels' depreciation policy.

Based on our analysis, the undiscounted projected net operating cash flows for each vessel were in excess by no less than 33%, compared to each vessel's carrying value, and accordingly, step two of the impairment analysis was not required and no impairment of vessels existed as of December 31, 2009.

An internal analysis, which used a discounted cash flow model utilizing inputs and assumptions based on market observations as of June 30, 2010, suggests that seven of our 41 vessels may have current market values below their carrying values. However, we believe that, with respect to these seven vessels, each of which is currently under time charter, we will recover their carrying values through the end of their useful lives, based on their undiscounted cash flows. We currently do not expect to sell any of these vessels, or otherwise dispose of them, significantly before the end of their estimated useful life.

Although we believe that the assumptions used to evaluate potential impairment are reasonable and appropriate, such assumptions are highly subjective. There can be no assurance as to how long charter rates and vessel values will remain at their current low levels or whether they will improve by any significant degree. Charter rates may remain at depressed levels for some time which could adversely affect our revenue and profitability, and future assessments of vessel impairment.

Vessel Lives and Depreciation

We depreciate our vessels based on a straight line basis over the expected useful life of each vessel, which is 30 years from the date of their initial delivery from the shipyard, which we believe is within industry standards and represents the most reasonable useful life for each of our vessels. Depreciation is based on the cost of the vessel less its estimated residual value. Secondhand vessels are depreciated from the date of their acquisition through their remaining estimated useful lives. A decrease in the useful life of a vessel or in its residual value would have the effect of increasing the annual depreciation charge. When regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is adjusted to end at the date such regulations become effective.

Special Survey and Drydocking Costs

Within the shipping industry, there are two methods that are used to account for special survey and drydocking costs: (1) capitalize special survey and drydocking costs as incurred (deferral method) and amortize such costs over the period to the next scheduled survey, and (2) expense special survey and drydocking costs as incurred. Since special survey and drydocking cycles typically extend over a period of 30 to 60 months, management believes that the deferral method provides a better matching of revenues and expenses than the expense-as-incurred method. Costs deferred are limited to actual costs incurred at the shipyard and parts used in the drydocking or special survey. If a survey is performed prior to the scheduled date, the remaining unamortized balances are immediately written off. Unamortized balances of vessels that are sold are written off and included in the calculation of the resulting gain or loss in the period of the vessel's sale. Furthermore, unamortized drydocking and special survey balances of vessels that are classified as assets held for sale and are not recoverable, as of the date of such classification, are immediately written off to the income statement.

Vessel, Cost

Vessels are stated at cost, which consists of the contract price and any material expenses incurred upon acquisition (initial repairs, improvements and delivery expenses, interest and on-site supervision costs incurred during the construction periods). Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels; otherwise these amounts are charged to expenses as incurred.

Voyage Revenue Recognition

Revenues are generated from time charter agreements and are usually paid 15 days in advance. Time charter agreements with the same charterer are accounted for as separate agreements according to the terms and conditions of each agreement. Time charter revenues over the term of the charter are recorded as service is provided, when they become fixed and determinable. Revenues from time charter agreements providing for varying annual rates are accounted for as operating leases and thus recognized on a straight line basis as the average revenue over the rental periods of such agreements, as service is performed. Some of our charters provide that the charter rate will be adjusted to a market rate for the final months of their respective terms. For purposes of determining the straight line revenue amount, we exclude these periods and treat the charter as expiring at the end of the last fixed rate period. A voyage is deemed to commence upon the completion of discharge of the vessel's previous cargo and is deemed to end upon the completion of discharge of the current cargo. Unearned revenue includes cash received prior to the balance sheet date for which all criteria to recognize as revenue have not been met, including any unearned revenue resulting from charter agreements providing for varying annual rates, which are accounted for on a straight line basis. Unearned revenue also includes the unamortized balance of the liability associated with the acquisition of secondhand vessels with time charters attached that were acquired at values below fair market value at the date the acquisition agreement is consummated.

Accrued / Unearned Charter Revenue

We record identified assets or liabilities associated with the acquisition of a vessel at fair value, determined by reference to market data. The Company values any asset or liability arising from the market value of the time charters assumed when a vessel is acquired from entities that are not under common control. This policy does not apply when a vessel is acquired from entities that are under common control. The amount to be recorded as an asset or liability at the date of vessel delivery is based on the difference between the current fair market value of the charter and the net present value of future contractual cash flows. When the present value of the contractual cash flows of the time charter assumed is greater than its current fair value, the difference is recorded as accrued prepaid charter revenue. When the opposite situation occurs, any difference, capped to the vessel's fair value on a charter free basis, is recorded as deferred revenue. Such assets and liabilities, respectively, are amortized as a reduction of, or an increase in, revenue over the period of the time charter assumed. In developing estimates of the net present value of contractual cash flows of the time charters assumed, we must make assumptions about the discount rate that reflect the risks associated with the assumed time charter and the fair value of the assumed time charter at the time the vessel is acquired. Although management believes that the assumptions used to evaluate present and fair values discussed above will be reasonable and appropriate, such assumptions are highly subjective.

Receivables

Revenue is based on contracted charter parties and although our business is with customers who are believed to be of the highest standard, there is always the possibility of dispute. In such circumstances, we will assess the recoverability of amounts outstanding and a provision will be estimated if there is a possibility of non-recoverability. Although we may believe that our provisions are based on fair judgment at the time of their creation, it is possible that an amount under dispute will not be recovered and the estimated provision of doubtful accounts would be inadequate. If any of our revenues become uncollectible, these amounts would be written-off at that time.

Derivative Financial Instruments

We enter into interest rate swap contracts to manage our exposure to fluctuations of interest rate risks associated with specific borrowings. Interest rate differentials paid or received under these swap agreements are recognized as part of interest expense related to the hedged debt. All derivatives are recognized in the consolidated financial statements at their fair value. On the inception date of the derivative contract, we designate the derivative as a hedge of a forecasted transaction or the variability of cash flow to be paid (cash flow hedge). Changes in the fair value of a derivative that is

qualified,

designated and highly effective as a cash flow hedge are recorded in other comprehensive income until earnings are affected by the forecasted transaction or the variability of cash flow and are then reported in earnings. Changes in the fair value of undesignated derivative instruments and the ineffective portion of designated derivative instruments are reported in earnings in the period in which those fair value changes have occurred. Realized gains or losses on early termination of the derivative instruments are also classified in earnings in the period of termination of the respective derivative instrument. We may redesignate an undesignated hedge after its inception as a hedge but then will consider its non-zero value at redesignation in its assessment of effectiveness of the cash flow hedge.

We formally document all relationships between hedging instruments and hedged terms, as well as the risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to specific forecasted transactions or variability of cash flow.

We also formally assess, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. We consider a hedge to be highly effective if the change in fair value of the derivative hedging instrument is within 80% to 125% of the opposite change in the fair value of the hedged item attributable to the hedged risk. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, we discontinue hedge accounting prospectively, in accordance with ASC 815 - Derivatives and Hedging (formerly FAS133).

We also enter forward exchange rate contracts to manage our exposure to currency exchange risk on certain foreign currency liabilities. We have not designated these forward exchange rate contracts for hedge accounting.

THE INTERNATIONAL CONTAINERSHIP INDUSTRY

The information and data contained in this prospectus relating to the containership industry has been provided by Clarkson Research, and is taken from Clarkson Research's database and other sources. Clarkson Research has advised that: (i) some information in Clarkson Research's database is derived from estimates or subjective judgments; and (ii) the information in the databases of other maritime data collection agencies may differ from the information in Clarkson Research's database; and (iii) whilst Clarkson Research has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation.

Overview of the Container Shipping Market

Container shipping is responsible for the movement of a wide range of goods between different parts of the world in a unitized form and, since its beginnings in the late 1960s, containerization has become an integral part of the global economy. The use of containers in global trade has resulted in considerable production and efficiency gains and has become important to the process of globalization. A wide range of cargoes are transported by container but most notably container transportation is responsible for the shipment of a diverse selection of manufactured and consumer goods. These cargoes are transported by container to end users in all regions of the world, and in particular from key producing and manufacturing regions to end users in the world's largest consumer economies. Participants in the container shipping industry include liner shipping companies, who operate container shipping services and own containerships, containership owners, often known as charter owners, who own containerships and charter them out to liner companies, and shippers, who require the seaborne movement of containerized goods.

The expansion of global container trade is heavily influenced by global economic growth, increases in economic consumption at a global and regional level, and the process of globalization. In 2008, global container trade peaked at 136 million TEU, following an average annual increase in trade of 9.6% in the period 1999-2008. In 2009, global container trade was an estimated 124 million TEU following a contraction due to the economic slowdown. Recent trade figures in early 2010 show improved container volumes on many of the world's largest trade lanes. For example, in the first six months of 2010 container volumes on the eastbound Asia-U.S. trade were up by 16.5% year-on-year, whilst in the first eight months of 2010 volumes on the westbound Far East-Europe trade were up by 21.8% year-on-year. As of October 1, 2010, the global container capable fleet had capacity of 16.1 million TEU, with the majority consisting of fully cellular⁽¹⁾ containerships, with a total standing slot capacity⁽²⁾ of 13.9 million TEU across 4,945 ships.

Types of Containership

The most significant portion of the global container capable fleet is comprised of fully cellular containerships which as of October 1, 2010, represented 4,945 vessels and 86% of globally available TEU capacity. The remainder of the fleet is made up of a range of non-fully cellular vessel types, including multi-purpose vessels (MPPs) capable of carrying container and breakbulk cargo, roll-on roll-off cargo vessels (Ro-Ros) and general cargo vessels, which often have container carrying capacity. Unless noted otherwise, the remainder of the discussion in this section focuses on fully cellular containerships. The fully cellular containership fleet is made up of vessels from below 500 TEU in capacity to 8,000 TEU and above. Vessels can be separated broadly into three categories:

*Deep Sea
Containerships* Primarily
responsible for
servicing
mainlane
east-west trades

and designated as Panamax or Post-Panamax according to their capability to transit the Panama Canal given their physical dimensions. Increasingly, smaller Post-Panamax and Panamax containerships are also being deployed on north-south trades, non-mainlane east-west trades and, in some cases, intra-regional trade lanes.

- (1) Equipped with fixed cell guides for containers throughout.
- (2) Nominal static ship container capacity.

*Intermediate**Containerships* Sub-Panamax

or Handy

vessels between

1,000 TEU and

2,999 TEU in

capacity, which

generally serve

north-south,

intra-regional

and in some

cases

non-mainlane

east-west

trades.

*Feeder /**Feedermax**Containerships* Below

1,000 TEU in

capacity, these

vessels are

generally

operated on an

intra-regional

basis, often

relaying or

feeding cargo

within a region

from or to main

port hubs

served by

mainlane trades

/ larger ships.

World Containership Fleet By Vessel Size

Category	Typical Deployment	Class	Fleet Size (TEU)	Number	000 TEU
Deep Sea	Deployed largely on the deep sea mainlane east- west trades as well as on other high volume trades.	Post-Panamax	8,000 & above	285	2,659
		Post-Panamax	3,000-7,999	506	3,045
		Panamax	3,000 & above	950	3,900

Intermediate	Suitable for deployment on many trades, nonmainlane East-West trades, North-South trades and intra-regional trades in Asia and Europe.	Sub-Panamax	2,000-2,999	706	1,795
		Handy	1,000-1,999	1,270	1,801
Feeder	On the smaller intra-regional and feeder trades.	Feeder/Max	100-999	1,228	736
Total				4,945	13,935

Source: Clarkson Research, October 2010.

The following graph shows the development of the fleet in the different vessel segments within the containership fleet since 1999. Containership deployment patterns are continually subject to change, and in recent years it has been evident that on the intra-regional trade routes, within which volumes have risen substantially compared to 5 or 10 years earlier, larger vessels, especially in the 1,000-2,999 TEU bracket, have been increasingly deployed. There has also been an expansion in the number of vessels of 3,000 TEU and above finding deployment alongside capacity in the 1,000-2,999 TEU range on north-south and other non-mainlane trades.

Containership Demand

Growth in global container trade has been driven by growth in world merchandise trade, and the growing share in the containerized part thereof, along with the expansion in containerization of new commodities and the trend towards globalization. In terms of loaded containers moved from origin to destination, estimated global container trade rose from 59.9 million TEU in 1999 to 124.2 million TEU in 2009, a compound average annual growth rate of 7.6%. In the period from 2002 to 2007, driven by an upswing in the global economy, demand for container shipping accelerated strongly, with estimated annual growth in world container trade reaching a high of 13.4% in 2004. During this period rapid growth in exports from China were driving a significant part of the increase in container trade, along with growth in container trade volumes in and out of Russia and the Baltic, and out of other emerging markets such as Brazil. Intra-Asian container trade volumes were also growing rapidly during this period. However, following the onset of the global economic downturn, container trade expansion

slowed significantly. After growing by just 4.2% in 2008, a 9.0% contraction is now estimated to have taken place in 2009.

Trade Routes and Growth Trends

Global container trade is spread over a range of long-haul, regional, and intra-regional routes, which can be separated into four categories:

Mainlane

East-West: The individual mainlane container trades on the major east-west routes are the world's largest in volume terms, with the Transpacific trade route forming the world's largest container trade with 15% of the total container volume in 2009, followed by the Far East-Europe trade route and the Transatlantic trade route. Due to the higher cargo volumes on these routes, they are generally served by very large Post-Panamax ships with capacity 8,000 TEU and above, and by other large

Post-Panamax and Panamax containerships, generally with capacity from 8,000 TEU down to around 4,500 TEU. There are also some 3,000-4,500 TEU containerships which continue to serve these trades.

Non-Mainlane East-West:

These routes include trade lanes between the Indian Sub-Continent or the Middle East and North America, Europe or the Far East, and are generally served by a range of ship sizes, from smaller Post-Panamax containerships below 8,000 TEU to vessels of Panamax size and below.

North-South:

These trade routes form the second layer of the global liner network, connecting the northern hemisphere with South

America,
Africa and
Oceania, and
are generally
served by
vessels
1,000-5,000
TEU.

Intra-Regional:

These routes
include both
intra-Asian and
intra-European
trades, where
containerships
below 4,000
TEU in size
generally
provide the
majority of
transportation.

Intra-Asian
container trades
collectively
constitute the
largest portion
of global
containership
volumes. Ports
involved in
these trades
often impose
infrastructural
and other
limitations on
the vessel types
that can be
utilized, such
as draft
restrictions or
the lack of
availability of
handling
equipment.

World Seaborne Container Trade

estimated, million TEU	2006	% share	2007	% share	2008	% share	2009(e)	% share
Mainlane								
East-West	40.9	34.8 %	44.5	34.0 %	43.6	32.0 %	38.6	31.0 %
growth	12%		9%		-2%		-12%	
Non-Mainlane								
East-West	11.7	10.0 %	12.8	9.7 %	14.2	10.4 %	14.4	11.6 %
growth	8%		9%		12%		1%	
North-South	20.1	17.1 %	20.6	15.7 %	21.6	15.8 %	20.7	16.6 %
growth	6%		2%		5%		-4%	
Intra-Regional	44.9	38.2 %	53.1	40.5 %	57.0	41.8 %	50.6	40.7 %
growth	14%		18%		7%		-11%	
GLOBAL TOTAL	117.6		131.0		136.5		124.2	
growth	11%		11%		4%		-9%	

Source: Clarkson Research, October 2010. 2009 numbers subject to revision.

After a slowdown in global containerized trade in 2009, the beginning of 2010 has seen several trends supporting an increase in containership demand, along with an increase in global economic growth. The IMF revised upwards its world GDP growth forecast for 2010 from 3.1% in October 2009 to 4.8% in October 2010, although this remains subject to a degree of uncertainty and the risk of a return to a slowdown in global economic activity. There has been a generally increasing trend in volumes across many trades; by December 2009, volumes on many trade lanes had started to return to positive year-over-year growth, which has continued through early 2010. Whilst strong growth in year-over-year comparisons are mainly a reflection of the significant declines that occurred in early 2009, early 2010 container trade data suggests that increased volumes of containers in early 2010 have been supporting increased containership demand.

As a result of the slowdown in demand through 2009, the portion of the fleet not in operation (or idle) grew from 0.42 million TEU at the end of 2008 to peak at an estimated 1.52 million TEU of capacity in December 2009, representing approximately 570 vessels, according to AXS-Alphaliner, equal to 11.8% of the global fleet by capacity, according to Clarkson Research. However, the proportion of idle capacity has declined in recent months, as carriers have reintroduced capacity on reactivated or newly implemented services, and in some cases upgraded capacity on existing services, to meet the apparent rise in volumes reported in early 2010. As of the start of October 2010 it was reported that around 132 containerships were idle with a total of 0.24 million TEU of capacity, according to AXS-Alphaliner, equivalent to around 1.7% of the global fleet by capacity, according to Clarkson Research.

Containership Supply

Overall fully cellular containership standing slot capacity expanded at an average annual growth rate of 11.3% in the period 1999-2009, more than doubling in capacity during the same period of time. Fully cellular containership

capacity is estimated to have increased by 13.8% in 2007, and by 12.7% in 2008. In 2009, the fully cellular fleet is estimated to have expanded by 6.1%. In comparison, expansion

in world container trade is estimated to have reached 11.4% in 2007, but just 4.2% in 2008, and it is estimated that global container trade contracted by 9.0% in 2009.

As of October 1, 2010, the containership orderbook was 628 vessels and 3.84 million TEU, representing 28% of the existing fleet in terms of capacity. The size of orderbook, however, differed widely across containership size segments, as demonstrated below, with the most significant orderbook compared to existing fleet capacity being in the larger vessel sizes.

Class of Containership	Size (TEU)	Containership Orderbook by Year of Delivery							
		Total Order Book			2010		2011		2012
		Number	000 TEU	% of fleet	000 TEU	% of flt	000 TEU	% of flt	
Post-Panamax	8,000 & above	235	2,587.5	97.3%	123.8	4.7%	1,116.9	42.0%	804.7
Post-Panamax	3,000-7,999	108	613.0	20.1%	44.9	1.5%	309.0	10.1%	231.4
Panamax	3,000 & above	83	341.9	8.8%	61.0	1.6%	112.5	2.9%	139.7
Sub-Panamax	2,000-2,999	45	116.0	6.5%	24.2	1.3%	38.6	2.2%	37.0
Handy	1,000-1,999	108	146.0	8.1%	42.1	2.3%	68.6	3.8%	17.1
Feeder/Max	100-999	49	38.5	5.2%	21.2	2.9%	17.2	2.3%	0.0
Total	100+ TEU	628	3,842.8	27.6%	317.3	2.3%	1,662.9	11.9%	1,229.7

Source: Clarkson Research, October 2010.

Note: The orderbook as at October 1, 2010. These figures are subject to change as a result of delay, cancellation and further ordering. Going forward, the orderbook will be influenced by delays, cancellations and the re-negotiation of contracts. Due to these technical and contractual issues, there is currently considerable uncertainty surrounding the orderbook. The figures quoted above relate to the orderbook as at October 1, 2010 and do not take into account potential delivery problems. The orderbook includes some orders originally scheduled for 2009 delivery.

Although establishing accurate data is difficult, approximately 45% of scheduled deliveries in terms of TEU capacity expected to enter the fleet in 2009 at the start of that year have been confirmed as

non-delivered during 2009. This figure was 68% for containerships below 1,000 TEU in size, 51% for containerships between 1,000 TEU and 2,999 TEU, 36% for Panamax containerships and 46% for Post-Panamax containerships. This is partly due to statistical reporting delays but also because of delays in construction and cancellations of orders. The tables above and below illustrate the difference between scheduled start year and actual containership deliveries in 2009. It is estimated that in the first nine months of 2010 non-delivery has remained a feature of the containership sector. Around 1.2 million TEU of containership capacity has been confirmed as delivered in the first nine months of the year.

Delivering the orderbook presents a number of challenges, with factors both technical and financial contributing to delays in and cancellations of the containership scheduled deliveries:

*Difficulties
securing
finance: Ship
owners with
vessels on
order are
experiencing
financing
problems as a
result of the
reduced
charter
markets,
declines in
asset values
and limited
availability of
bank
financing. In
the final
quarter of
2008 and
much of
2009,
containership
asset values
were
generally in
decline. The
current
estimated
resale value
of nearly all
of the vessels
comprising
the orderbook
is
significantly*

lower than the value at which they were contracted, adding to the difficulties of securing finance.

Technical or financial problems at shipyards: At the start of October 2010, 4.1% of containership capacity on order was contracted at shipyards which are either currently under construction (Greenfield Shipyards) or have delivered their first vessels in the past two years. Some of these projects are reported to be experiencing technical and financial problems and it is therefore expected that construction of some of the shipyards, and therefore vessels, may be delayed.

A large number of the containership vessels contracted in recent years have been financed by the German KG system, which allows tax benefits to private investors in certain shipowning companies. Typically these are companies set up to invest in one or a small number of vessels, financed mainly by private investors and bank financing. Funds from private investors are typically raised after the vessels have been ordered. In 2009, in a much weaker economic and investment environment, there were severe risks to the ability of KG funds to collect the equity planned for investment in ships which are currently on order, and also, in an environment of lower vessel earnings, to their ability to generate planned returns to investors on existing projects.

Additionally, the placement of new orders for containership capacity has slowed dramatically. In 2007 a historical high level of 3.2 million TEU of containership capacity was ordered. In 2008 the volume of ordering slowed to 1.1 million TEU, while containership contracting activity in 2009 was negligible. Contracting activity appears to have picked up in the second half of 2010.

Fleet Age and Scrapping

Levels of containership scrapping are driven by demand for steel scrap and scrap price levels as well as the age profile of the containership fleet, movements in containership earnings and supply of and demand for different sizes of containership.

A substantial volume of aging containership capacity was sold for scrap in 2009, with the full year seeing 200 containerships with a combined capacity of 0.38 million TEU sold for demolition, significantly higher than historical levels. In the period from 1996 to 2008 an average of 30 containerships were scrapped each year.

			Containership Demolition						
Class	Size (TEU)		2002	2003	2004	2005	2006	2007	2008
Post-Panamax	8,000 & above	No. of ships	0	0	0	0	0	0	
		000 TEU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Post-Panamax	3,000-7,999	No. of ships	0	0	0	0	0	0	
		000 TEU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Panamax	3,000 & above	No. of ships	1	0	0	0	2	1	
		000 TEU	3.19	0.00	0.00	0.00	6.25	3.01	12.4
Sub-Panamax	2,000-2,999	No. of ships	9	4	0	0	4	2	1
		000 TEU	22.76	9.30	0.00	0.00	8.72	4.31	46.2
Handy	1,000-1,999	No. of ships	22	6	4	0	4	6	2
		000 TEU	28.22	7.83	4.85	0.00	5.71	7.89	32.0
Feeder/Max	100-999	No. of	25	16	6	4	6	12	1

	ships							
	000							
	TEU	13.90	8.59	2.98	1.90	3.11	5.72	9.3
	No.							
	of							
	ships							
Total		57	26	10	4	16	21	6
	000							
	TEU	68.06	25.73	7.83	1.90	23.79	20.93	100.0

Source: Clarkson Research, October 2010.

As of October 1, 2010, the average age of a vessel in the containership fleet was 10.3 years. The majority of ageing containership capacity is at the smaller end of the fleet below 4,000 TEU, where some capacity may be more at risk to becoming outdated by increased trade volumes over time being more efficiently served by larger ships. Overall, 6% of containership fleet capacity is currently aged 20 years or more.

The Containership Markets

Containership Timecharter Rates

Containership charter rates depend on the supply of, and demand for, containership capacity, and can vary significantly from year to year. Containership economies of scale mean that the daily time charter rate per TEU for a larger containership is less than for a ship with lower TEU capacity. Pricing of containership transportation services occurs against a background of a highly competitive global containership charter market. The containership charter market experienced significant upward movement in time charter rates in the period between the start of 2002 and the middle of 2005. The market recovered from the falls in charter rates seen in 2001 to levels beyond previous market highs before falling again mid-way through 2005, stabilizing in the first half of 2006, and then slipping further during the second half of 2006. The first half of 2007 saw the containership charter market recover to rate levels similar those seen in late 2005 and early 2006, while early 2008 saw rates rise further. However, the onset of the global economic downturn and the resulting slowdown in container trade growth created a relative oversupply of capacity, leading to a rapid fall in containership earnings in the latter half of 2008, which continued in the first half of 2009, with earnings remaining depressed during the rest of the year. In the first nine months of 2010 containership charter rates began to register an upward trend, although rates remain well below long term averages. Based on an index covering a range of containership sizes, time charter daily rates improved 99% during the first nine months of 2010. Among other factors, there has been a reduction in the number of vessels in lay-up and an increase in transported container volumes over the low levels of 2009.

There are, of course, limitations and risks to future scenarios, dependent on developments in the world economy and global trade patterns, and the development of ordering, deliveries and demolitions

in the future. With the growth in container volumes having turned very negative in 2009, supply far outweighed demand for the global movement of containers, causing significant downwards pressure on the entire container shipping sector. The impact of the differential between growth in demand and supply on the containership charter market was sharply negative, pushing rates acutely downwards. In the first nine months of 2010 in general containership timecharter rates exhibited an upward trend, although the re-deployment of idle capacity may put downward pressure on charter rates, and there are still a considerable number of vessels to be delivered within the next few years and there is a risk that this may also put downward pressure on charter rates.

Containership Timecharter Rates, 6-12 months, annual averages of monthly assessments							
US\$/day	2005	2006	2007	2008	2009	Dec-09	Sep-10
1,000 TEU geared	8,579	14,475	17,700	12,350	12,500	3,900	7,350
1,700 TEU geared	13,817	23,108	27,146	17,079	16,613	4,200	8,750
2,750 TEU gearless	22,125	33,850	34,813	22,646	26,292	4,500	14,000
3,500 TEU gearless	25,667	35,621	38,427	26,583	29,958	5,450	19,000
4,400 TEU gearless	30,125	43,375	43,000	32,417	34,375	6,400	23,500

Source: Clarkson Research, October 2010.

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

The estimated one year timecharter rate for a 3,500 TEU containership at the end of January 2010 was \$5,500 per day. At the end of September 2010 it stood at \$19,000 per day, compared to an average of \$26,902 per day in the period 2000-2009.

With respect to the 6,000-6,999 TEU containership size range, \$8,500 per day represents the lowest rate at which a vessel of this size was chartered since the start of 2000 according to reported market fixtures for 6,000-6,999 TEU containerships recorded by Clarkson Research; note that reported fixtures recorded by Clarkson Research do not constitute a comprehensive record of charter market fixtures, charter market transaction activity in this containership size range is relatively low, and not all fixture activity is necessarily reported to the market. \$31,585 per day is the historical average rate since the start of 2000 according to reported market fixtures for 6,000-6,999 TEU containerships recorded by Clarkson Research.

Containership Fixture Activity

Along with movements in containership charter rates, the market has also seen changes in the number of fixtures (new charters) and average charter periods. During 2003 and 2004 the volume of reported fixtures was relatively high, but as demand continued to grow, and a greater number of vessels were committed for longer periods than previously, the lack of availability caused the volume of fixtures to slow in 2005 and 2006. The average number of monthly fixtures

fell from 159 in 2003 to 60 in 2005, and increased gradually back to an average of 124 fixtures reported per month in 2009. The average

period of reported fixtures moved from 19.2 months in 2006 to just 4.7 months in 2009, with container shipping lines less willing to commit to longer periods and owners keen to avoid longer periods at prevailing rates. The graph below shows illustrates containership fixture activity by size range.

Vessel Values: The Newbuild & Secondhand Containership Market

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

The total newbuild price for a theoretical 6,200 TEU containership increased from \$60.0 million at the start of 2003 to peak at \$108.0 million in the period June to September 2008. However, since the onset of the downturn, this figure has fallen to \$77.5 million at the end of September 2010. The graph below shows the historical development of containership newbuild prices. The average price for a 6,200 TEU containership newbuild since March 2001 is estimated at \$83.8 million.

Secondhand Prices: As the containership charter market is playing an increasingly important role in the container shipping industry as a whole, the market for the sale and purchase of secondhand containerships has also expanded. Secondhand vessel prices are influenced by newbuild prices and also by vessel charter rates or earnings, although there is sometimes a lag in the relationship. For example, in 2001, when containership charter rates dropped significantly, containership secondhand prices also moved downwards.

Activity on the secondhand market for containerships has grown steadily in recent years from relatively low volumes of activity previously. A portion of this activity has been constituted by the sale of containerships by liner companies to charter owners. These sales have commonly been accompanied by time charter back arrangements whereby the liner company sells the vessel, removing the asset from its balance sheet, then, as part of the transaction, arranges a time charter of the vessel from the party to which it has sold the ship. The liquidity of the secondhand sales market is much greater for small and medium- sized containerships than for large vessels. Only 201 of the 1,275 secondhand containership sales recorded in the period 1999-2009 involved ships with 3,000 TEU or more in capacity. Large containerships are generally newer, and more likely to remain owned by their original owner either for their own end use or on an initial relatively long-term charter.

Secondhand containership sales volumes show some volatility and full year 2009 saw 123 secondhand vessels with a combined capacity of 180,133 TEU sold. The following graph shows the development of secondhand prices for five-year old containerships. Trends in secondhand prices for older containerships typically move according to similar cycles. The graph shows the development of five-year old 3,500 TEU, 1,700 TEU and 1,000 TEU ship prices. The five-year old 1,700 TEU prices as at end September 2010 are estimated to be approximately \$23.0 million, compared to a 10-year average of \$24.6 million. The price for a theoretical five year old 1,700 TEU containership decreased from \$37.5 million at the start of June 2008 to just \$14.0 million at the end of 2009. However, the first nine months of 2010 saw an upward trend in containership secondhand prices.

Containership Market Competition

There are two types of companies that own containerships: liner shipping companies, who operate container shipping services and own and charter-in containerships; and containership owners, often known as charter owners, who own containerships and charter them out to liner companies. Liner companies include charterers such as A.P.

Moller-Maersk, MSC, CMA-CGM and Evergreen Marine, who own container carrying vessels for the services that they operate. This differs somewhat from the traditional tanker and bulkcarrier shipping sectors where owners provide tonnage to charterers who are mainly cargo interests or operators which are less inclined to own their own vessels.

Liner companies also are responsible for providing the containers themselves, either owned or leased, arranging terminal handling either at dedicated or third-party terminals and often inland transportation between ports and cargo origins and destinations. There are over 200 liner companies, but the top 10 and top 20 companies deployed a total of 56% and 76% of global total liner capacity as of October 1, 2010. A.P. Moller-Maersk's deployed fleet accounted for approximately 13% of the global fleet liner capacity. During 2009, with container trade volumes in decline, and freight rates under severe pressure on many trades, liner companies faced an extremely difficult financial environment.

Charter owners are also numerous, with over 400 owning containerships as of October 1, 2010. The largest share of the charter owner containership fleet is owned by German shipowners, which accounted for 62.3% of the fully cellular containerships in the charter owner fleet as of October 1 2010 and 60.2% of the containerships on order to charter owners. The top 10 charter owners account for 42% of charter owner global capacity as of October 1, 2010.

Historically, a significant share of the world's containership capacity has been owned by the liner companies, but since the 1990s there has been an increasing trend for the liner companies to charter-in a larger proportion of the capacity that they operate as a way of retaining some degree of flexibility with regard to capital spending levels over time given the significant costs associated with purchasing vessels. The share of total liner capacity⁽³⁾ operated by the top 10 liner companies that was chartered in increased from approximately 15% at the start of 1993 to 48% at the start of 2010 (although this percentage is marginally reduced compared with 2007).

- (3) Includes
all
container
capable
liner
capacity
on liner
ship
types.

Top Containership Charter Owners by TEU Capacity				
as of October 1, 2010				
Owner	Country	No. of vessels	TEU	Avg. Size
Reederei C.-P. Offen	Germany	95	430,681	4,533
NSB Niederelbe	Germany	82	348,072	4,245
NVA Norddeutsche	Germany	77	336,639	4,372
Peter Dohle Schiff.	Germany	100	298,140	2,981
E.R. Schiffahrts	Germany	64	296,857	4,638
Zodiac Maritime Agy.	United Kingdom	62	279,627	4,510
Seaspan Container	Canada	55	268,295	4,878
Rickmers Reederei	Germany	86	264,736	3,078
Danaos Shpg.	Greece	49	216,532	4,419
Costamare Inc.	Greece	41	211,882	5,168
Komrowski Befracht.	Germany	47	190,272	4,048
Shoei Kisen K.K.	Japan	48	169,304	3,527
NSC Schiffahrt	Germany	37	124,010	3,352
Schulte Group	Germany	45	117,931	2,621
Hermann Buss	Germany	73	112,975	1,548
Gebab	Germany	35	108,436	3,098
Hansa Treuhand	Germany	29	96,237	3,319
F. Laeisz	Germany	28	94,501	3,375
Thomas Schulte	Germany	35	92,253	2,636
Synergy Marine Ltd.	Cyprus	18	85,408	4,745
Leonhardt & Blumberg	Germany	48	84,745	1,766
Kaisho Shipping Co.	Japan	14	82,416	5,887
Hanseatic Lloyd	Germany	24	81,340	3,389
Conti Reederei	Germany	11	79,275	7,207
Dr. Peters	Germany	27	63,002	2,333

Source: Clarkson Research, October 2010.

As of October 1, 2010, it was estimated that 2,823 containerships in the 4,945 strong fully cellular containership fleet were owned by charter owners, representing 57% of the global containership fleet in terms of ship numbers and 50% in terms of TEU capacity.

At the start of October 2010, the 2,823 containerships owned by charter owners had a total TEU capacity of 7.0 million. Of these vessels, 724 were sized below 1,000 TEU and had a total capacity of 0.47 million TEU (64% of the total fleet in that size range) and 1,309 were sized between 1,000 and 2,999 TEU and had a total capacity of 2.43 million TEU (68% of the total). The remaining 790 vessels were sized 3,000 TEU and above, with a total capacity of 4.09 million TEU (43% of the total). Of these, 98 ships were sized 8,000 TEU and above. Charter owners have in general increased their share of the worldwide containership fleet in recent years, and have been responsible for a

substantial share of containership capacity contracted, and investment in containerships.

The majority of the containership charter market is focused on containerships of 4,500 TEU or less, and the large majority of charter market activity in this sector is time charter business, with charter periods ranging from less than one month to three years or more. However, in other instances, and generally in the case of larger Panamax and Post-Panamax containerships, the charter owner will contract a containership newbuild at a shipyard, which is then chartered out to one of the major container shipping lines on a long-term time charter ranging up to 10 or 12 years in duration. Within the substantial part of the containership charter market focused on containerships of 4,500 TEU or less, both the number of vessels and the number of fixtures are more numerous than in the larger size ranges. In addition, the number of liner companies utilizing 1,000-4,500 TEU containerships, for example, is much higher than the number operating ships 4,500 TEU and above in size. Below 4,500 TEU containership operation is more highly fragmented, with global liner companies competing with regional liner companies who have less requirement for the deployment of larger containerships.

BUSINESS

Overview

We are an international owner of containerships, chartering our vessels to many of the world's largest liner companies. We currently have a fleet of 41 containerships aggregating 211,882 TEUs, making us one of the largest privately owned containership companies in the world, based on total TEU capacity. We also have contracted to acquire four 3,351 TEU secondhand containerships and have entered into agreements, subject to certain conditions, to acquire three 9,000 TEU newbuilds. Our strategy is to time charter our containerships to a geographically diverse, financially strong and loyal group of leading liner companies. Our containerships operate primarily under multi-year charters and therefore are not subject to the effect of seasonal variations in demand. Over the last three years our largest customers by revenue were A.P. Moller-Maersk, MSC and COSCO. As of October 15, 2010, the average (weighted by TEU capacity) remaining time charter duration for our fleet of 41 containerships was 5.6 years, based on the remaining fixed terms and assuming the earliest redelivery dates possible under our containerships' charters. As of June 30, 2010, our fixed-term charters represented an aggregate of \$1.7 billion of contracted revenue, assuming the earliest redelivery dates possible under our containerships' charters and 365 revenue days per annum per containership.

Our company and its founders have a long history of operating and investing in the shipping industry. We are wholly-owned by the Konstantakopoulos family. Captain Vasileios Konstantakopoulos, the father of our chairman and chief executive officer, Konstantinos Konstantakopoulos, founded Costamare Shipping in 1975. We initially owned and operated drybulk carrier vessels, but in 1984 we became the first Greek owned company to enter the containership market and, since 1992, we have focused exclusively on containerships. After assuming management of our company in 1998, Konstantinos Konstantakopoulos has concentrated on building a large, modern and reliable containership fleet run and supported by highly-skilled, experienced and loyal personnel. He founded the management companies CIEL and Shanghai Costamare in 2001 and 2005, respectively, and he founded the manning agency C-Man Maritime in 2006. Today, Konstantinos Konstantakopoulos remains focused on continuing to develop the scope and capabilities of our management companies and related manning agency. Under Konstantinos Konstantakopoulos's leadership, we have continued to foster a company culture focusing on excellent customer service, industry leadership and innovation.

Consistent with our strategy of actively managing the size of our fleet through timely acquisitions and dispositions, we grew our fleet from 21 containerships with an aggregate capacity of 43,735 TEUs in 2000 to a peak of 53 containerships of 227,778 TEUs in 2008, followed by a proactive decrease in response to market conditions to our current fleet of 41 containerships with a total capacity of 211,882 TEUs. We plan to use the proceeds of the offering to further expand and renew our fleet. We believe that the financial flexibility resulting from our strategic growth policy, together with our experience, reputation, quality of services and long-standing relationships with container shipping industry participants and major financial institutions, position us to renew and expand our fleet with further acquisitions of newbuild and high-quality secondhand vessels at prices that are currently below historical averages.

We believe that this is a favorable time to acquire newbuilds, as well as high-quality secondhand vessels. We also believe that vessel prices today remain at levels that are below their 10-year historical averages and that the charter market for containerships has shown improvement during 2010. As an established owner of containerships with a focus on reliability and balance sheet management, and with significant experience and relationships in the containership sector, we believe we will have ready access to additional vessel acquisition opportunities from shipyards, our liner company customers, shipowners, financial institutions and brokers, chartering opportunities with leading liner companies, and available financing alternatives that will facilitate the renewal and further expansion of our fleet at an opportune time.

We believe that it is currently an attractive time in the container shipping cycle to invest, and that we are well-positioned to benefit from an industry recovery. Although current charter rates remain low compared to the high levels reached in the middle of 2005, we believe that the recent signs of improvement are a positive indicator of

fundamental improvements in the economics of our industry. See Market Opportunity .

Our company operates through a number of wholly-owned vessel-owning subsidiaries incorporated in the Republic of Liberia. Each of our vessels is managed by one of our three managers: Costamare Shipping, CIEL and Shanghai Costamare, all of which are controlled by our chairman and chief executive officer. We believe that having three management companies allows us to have a deep pool of operational management in multiple locations with market-specific experience and relationships, as well as the geographic flexibility needed to manage and crew our large and diverse fleet so as to provide a high level of service, while remaining cost-effective.

Recent Developments

Consistent with our strategy of pursuing attractive growth opportunities, we recently entered into agreements to acquire a total of seven newbuild and secondhand containerships.

On September 21, 2010, we contracted with China Shipbuilding Trading Company Limited and Shanghai Jiangnan Changxing Heavy Industry Co., Ltd. for the construction and purchase of three newbuild containerships, each of 9,000 TEU capacity, for a price of approximately \$95.1 million per newbuild, to be paid in five equal installments. Each newbuild contract is subject to our completion of certain financing arrangements prior to November 30, 2010. These three newbuilds are scheduled to be delivered between November 2013 and January 2014, and we currently have agreements for the time charter of each newbuild to MSC for a period of 10 years from delivery by the shipyard at a daily rate of \$43,000. We have also obtained options to acquire three additional newbuild containerships, each of 9,000 TEU capacity, for a price of approximately \$96.1 million per newbuild. These options must be exercised by December 24, 2010, and the associated newbuild containerships would be delivered between March and June 2014.

On September 23, 2010, we contracted for four 3,351 TEU secondhand containerships at a purchase price of \$11.25 million per containership, two to be delivered by December 20, 2010 and two by February 28, 2011. These secondhand containerships were built between 1990 and 1992. We intend to finance the acquisition of these secondhand containerships with available cash or new debt financing. While we do not currently have time charters for these secondhand containerships, we are reviewing the charter market and intend to take advantage of available opportunities in line with our market outlook.

On September 16, 2010, we obtained a commitment letter from The Royal Bank of Scotland plc for a \$120.0 million term loan facility, which will be available for drawing for up to 18 months. We intend to use this term loan facility to finance the acquisition of additional newbuild or secondhand containerships, but we are also permitted to use it to refinance existing containerships in our fleet. Availability of the term loan facility is subject to execution of definitive documentation and is conditioned upon the closing of this offering.

We recently rechartered the *MSC Navarino*, and we also have extended by four years the current time charters to A.P. Moller-Maersk of eight of our containerships, such extensions resulting in an increase of approximately \$306 million in our contracted revenues. The details of the recharter and eight extensions, as well as certain other charter modifications, are shown in our fleet table, which appears in Business Fleet Characteristics .

Our Competitive Strengths

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

History of Managing Growth Through Shipping Cycles. We grew our fleet from 21 containerships with an aggregate capacity of 43,735 TEUs in 2000 to a peak of 53 containerships of 227,778 TEUs in 2008, reflecting a compound annual growth rate of approximately 10.8% based on number of vessels or 20.1% based on TEUs, by, among other things, contracting newbuilds and negotiating private purchases from our liner company customers. Thereafter, we decided, based on our market outlook, to reduce our fleet size to our current fleet of 41 containerships with a total capacity of 211,882 TEUs. Unlike many of our public company competitors, we are not burdened with acquisition and

newbuild commitments that were incurred when vessel prices were relatively high. Our senior management team has a history of strategically timing vessel acquisitions and dispositions in the containership sector and delivering

positive financial returns through the shipping cycle, generating net income of \$45.6 million in the first half of 2010, \$116.9 million in 2009 and \$99.8 million in 2008. We plan to use the proceeds of the offering to expand and renew our fleet. We believe that the financial flexibility resulting from our strategic growth policy, together with our experience, reputation, quality of services and long-standing relationships with container shipping industry participants and major financial institutions, position us to renew and expand our fleet with further acquisitions of newbuild and high-quality secondhand vessels at prices that are currently below historical averages.

Base of Contracted Cash Flows Through Multi-Year Charter Coverage and Staggered Charter Expiration Dates.

We believe that the multi-year fixed-rate nature of most of our charters, many of which were arranged at attractive points in the shipping cycle, will continue to provide us with a stable base of contracted future revenue. The containerships in our existing fleet are all subject to charters having initial terms ranging from less than one to 12 years. As of October 15, 2010, the average (weighted by TEU capacity) remaining time charter duration for our fleet of 41 containerships was 5.6 years, based on the remaining fixed terms and assuming the earliest redelivery dates possible under our containerships' charters. Of the 41 containerships in our existing fleet, over 99% of the anticipated total available days for the fourth quarter of 2010 and the full year 2011 are under fixed-rate time charters and only three vessels of 7,706 TEU aggregate capacity are scheduled to be up for rechartering prior to the second quarter of 2012. The staggered maturities of the charters for vessels that expire between 2011 and 2012 (19 vessels), between 2013 and 2015 (3 vessels) and between 2016 and 2020 (19 vessels), will mean that we will likely conduct our rechartering activity in varying rate environments and we will seek to tailor our charter terms accordingly. As of June 30, 2010, our fixed-term charters represented an aggregate of \$1.7 billion of contracted revenue, assuming the earliest redelivery dates possible under our containerships' charters and 365 revenue days per annum per containership.

Experienced Management Team and Reputation for Operational Excellence Support Long-Standing Relationships with Leading Charterers.

Our company and founders have a long history of operating and investing in the container shipping industry beginning in 1984. Our managers' senior management teams have a combined average of approximately 34 years of experience in the shipping industry. We believe that we are able to secure multi-year charters with leading liner companies because of, among other things, our operating track record and our high level of service and support. Though our business is affected by changes in global and regional economic activity, we believe that by chartering our containerships to leading liner companies, including those we perceive to be most financially and operationally sound, we have reduced our potential charter counterparty risk. We currently charter containerships to A.P. Moller-Maersk, COSCO, Evergreen Marine, Hapag Lloyd, HMM, MSC, OACL and ZIM. Our containerships are manned by experienced and loyal personnel, which reflects our commitment to employee training and development, with our Masters having an average of 8.8 years of service with Costamare Shipping, as of June 30, 2010, and nearly 70% of our current Masters having been promoted from within our managers' organizations. From 2007 through 2009, vessels in our fleet had an average of only 1.4 unscheduled off-hire days, or 0.38%, per vessel per year. We believe that our high level of operational performance, and the customer relationships we derive therefrom, result in large part from our focus on the welfare and training of our employees, particularly that of the seafarers manning our containerships.

Access to Capital to Pursue Our Growth Strategy. As of June 30, 2010, we had approximately \$59.9 million of available cash (including restricted cash), cash equivalents and investments, along with \$74.2 million of undrawn borrowing capacity. As of that date, we also had 10 containerships, aggregating 38,197 TEUs with an average age (weighted by TEU capacity) of 12.5 years, which were unencumbered. On September 16, 2010, we obtained a commitment letter for a \$120.0 million term loan facility, subject to execution of definitive documentation and conditioned upon the closing of this offering. Consistent with our policy of managing our balance sheet, we met all of our scheduled debt repayment obligations during the significant 2008-2009 economic downturn. We believe that our available liquidity and committed financing capacity will allow us to make additional near-term accretive acquisitions during a period when both newbuild and high-quality secondhand vessel values remain below their 10-year historical averages.

Large, Diversified High-Quality Fleet. We have a fleet of 41 vessels as of October 15, 2010. Our fleet includes containerships of various sizes and has been assembled to meet our customers' needs and

is able to operate on East-West, North-South and Intra-regional trade routes, giving us increased flexibility in rechartering our containerships. We believe our containerships were built to high standards by reputable shipyards and have been carefully maintained. We also believe that the reliability of our fleet has been a critical factor in retaining our active and long-standing relationships with the leading liner companies. We have also had success in chartering and operating our older vessels beyond their depreciable lives, and we recently secured charters with leading liner companies for a number of our older containerships. We believe that owning a large, high-quality and diverse fleet provides us with a competitive advantage in securing future employment for our containerships.

Our Business Strategies

Our primary objectives are to profitably grow our business, increase distributable cash flow per share and maximize value to our stockholders by pursuing the following strategies:

Invest in Vessels at an Attractive Point in the Container Shipping Cycle. Given our broad and established customer relationships and financial flexibility, we believe we are well-positioned to take advantage of the significant opportunities created by the recent economic downturn and developments in the container shipping industry to acquire vessels at attractively low prices. As an established owner of containerships with significant experience and relationships in the containership sector, we believe we will have ready access to vessel acquisition opportunities from shipyards, our liner company customers, shipowners, financial institutions and brokers; chartering opportunities with leading liner companies; and available financing alternatives that will facilitate the renewal and expansion of our fleet at an opportune time. We have recently contracted to acquire four 3,351 TEU secondhand containerships. We have also entered into agreements, subject to certain conditions, to acquire three 9,000 TEU newbuilds, and have agreed 10-year time charters for each newbuild. We intend to expand our fleet by acquiring additional containerships at relatively low prices using our cash from operations, the proceeds of this offering and undrawn borrowing capacity under our committed revolving credit facility and committed term loan, along with borrowings under new credit facilities for which we do not yet have commitments, but which we intend to obtain.

Actively Manage Portfolio of Charters Through the Shipping Cycle. We believe that a focus on high-quality charterers and a carefully-managed charter expiry profile are critical to our business strategy. Our largest customers in 2009 were A.P. Moller-Maersk, MSC and COSCO, which we perceive to be among the more creditworthy liner companies. As the global economy improves, we will continue to charter our containerships to high-quality charterers and expand the number of leading liner companies chartering our vessels in order to further diversify our portfolio of time charters from customer, geographic and maturity perspectives. We believe our strategy will reduce our revenue concentration, moderate our exposure to any one customer and allow us to recharter our containerships during various points in the charter market cycle.

Continue to Manage Our Balance Sheet. We believe that management of our balance sheet, including management of cash and capital commitments, will continue to give us financial flexibility. Consistent with that policy, we met all of our scheduled debt repayment obligations during the significant 2008-2009 economic downturn. Unlike many of our public company competitors, we are not burdened with acquisition and newbuild commitments that were incurred when vessel prices were relatively high, and we believe that we are well-positioned to take advantage of opportunities in the current point of the container shipping cycle. We believe that our committed revolving credit facility, which gives us \$74.2 million of undrawn borrowing capacity as of June 30, 2010, and our committed term loan that provides \$120.0 million of undrawn borrowing capacity, along with cash from operations, the proceeds of this offering and borrowings under new credit facilities that we intend to obtain, will provide us with the flexibility to act quickly to acquire additional vessels at attractive prices at opportune times.

Provide High-Quality Customer Service. We seek to provide high-quality customer service that allows our customers to implement integrated logistics solutions in the marketplace. Our managers' ship management approach is to tailor their services by vessel type and age, which we believe has helped to differentiate us with our charterers and extend our charters and the useful lives of our containerships. We believe that having three management companies allows us

to have a deep pool of operational

management in multiple locations with market-specific experience and relationships, as well as the geographic flexibility needed to manage and crew our large and diverse fleet so as to provide a high level of service, while remaining cost-effective. We also believe that our focus on customer service and reliability enhances our relationships with our charterers. In the past decade, we have had successful chartering relationships with the majority of the top 20 liner companies by TEU capacity. We also believe that we can continue to leverage the presence in China of one of our management companies, Shanghai Costamare, to grow and establish local relationships with Chinese shipyards, charterers, shipowners, financial institutions and containership service providers.

Market Opportunity

We believe that it is currently an attractive time in the container shipping cycle to invest, and that we are well-positioned to benefit from an industry recovery, for several key reasons, including:

Initial Signs of Container Shipping Market Recovery. During 2010, the container shipping industry has exhibited recovering charter rates driven by improvements in the supply/demand equation. As reported by Clarkson Research, based on an index containing a range of containership sizes, time charter daily rates improved 99% during the first nine months of 2010 and there has been a reduction in the number of vessels in layup and an increase in transported container volumes over the low levels of 2009. Although current charter rates remain low compared to the high levels reached in 2005, we believe that the increases in charter rates and transported volumes in the first nine months are a positive indicator of fundamental improvement in the economics of our industry.

Our Ability to Exploit Acquisition Opportunities. As a well-established containership owner with a reputation for reliability and financial soundness and with significant contracted revenues, we believe we will have access to financing and chartering opportunities that will enable us to acquire additional high-quality vessels at prices that are below their 10-year historical averages. Unlike many of our public company competitors, we are not burdened with acquisition and newbuild commitments that were incurred when vessel prices were relatively high or with significant restrictions on debt incurrence imposed by lenders that would impede growth.

Fleet

General

We currently have a fleet of 41 containerships aggregating 211,882 TEUs, making us one of the largest privately owned containership companies in the world, based on total TEU capacity. Our containerships have a record of low unscheduled off-hire days, with fleet utilization levels of 99.7%, 99.3% and 99.9% in 2007, 2008 and 2009, respectively, and 99.8% for the first half of 2010. We believe our customers seek to charter our ships based upon, among other factors, our reputation for safety and reliability.

We deploy our containership fleet principally under multi-year time charters with leading liner companies that operate regularly scheduled routes between large commercial ports. As of October 15, 2010, the average (weighted by TEU capacity) remaining time charter duration for our fleet of 41 containerships was 5.6 years, based on the remaining fixed terms and assuming the earliest redelivery dates possible under our containerships' charters.

Characteristics

The tables below provide additional information, as of October 15, 2010, about our fleet of 41 containerships and the three newbuilds we have contracted to purchase from China Shipbuilding Trading Company Limited and Shanghai Jiangnan Changxing Heavy Industry Co., Ltd., at a purchase price of approximately \$95.1 million per newbuild. The table below does not include the four secondhand containerships that we have agreed to purchase. See

Overview Recent Developments. Each vessel is a cellular containership, meaning it is a dedicated container vessel.

	Vessel Name	Charterer	Year Built	Capacity (TEU)	Time Charter Term ⁽¹⁾	Current Daily Charter Hire (U.S. dollars)	Expiration of Charter ⁽¹⁾	Average Daily Charter Rate Until Earliest Expiry of Charter (U.S. dollars) ⁽²⁾
1	COSCO GUANGZHOU	COSCO	2006	9,469	12 years	36,400	December 2017	36,400
2	COSCO NINGBO	COSCO	2006	9,469	12 years	36,400	January 2018	36,400
3	COSCO YANTIAN	COSCO	2006	9,469	12 years	36,400	February 2018	36,400
4	COSCO BEIJING	COSCO	2006	9,469	12 years	36,400	April 2018	36,400
5	COSCO HELLAS	COSCO	2006	9,469	12 years	32,400 ⁽³⁾	May 2018	36,996
6	MSC NAVARINO ⁽⁴⁾	MSC	2010	8,531	0.7 years	22,000	January 2011	22,000
7	MAERSK KAWASAKI ⁽ⁱ⁾	A.P. Moller-Maersk	1997	7,403	10 years	37,000	December 2017	37,000
8	MAERSK KURE ⁽ⁱ⁾	A.P. Moller-Maersk	1996	7,403	10 years	37,000	December 2017	37,000
9	MAERSK KOKURA ⁽ⁱ⁾	A.P. Moller-Maersk	1997	7,403	10 years	37,000	February 2018	37,000
10	SEALAND NEW YORK	A.P. Moller-Maersk	2000	6,648	11 years	30,375 ⁽⁵⁾	March 2018	28,766
11	MAERSK KOBE	A.P. Moller-Maersk	2000	6,648	11 years	30,375 ⁽⁶⁾	May 2018	31,855

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12	SEALAND WASHINGTON	A.P. Moller-Maersk	2000	6,648	11 years	30,375 ⁽⁷⁾	June 2018	28,828
13	SEALAND MICHIGAN	A.P. Moller-Maersk	2000	6,648	11 years	25,375 ⁽⁸⁾	August 2018	26,302
14	SEALAND ILLINOIS	A.P. Moller-Maersk	2000	6,648	11 years	30,375 ⁽⁹⁾	October 2018	28,882
15	MAERSK KOLKATA	A.P. Moller-Maersk	2003	6,644	11 years	30,000 ⁽¹⁰⁾	November 2019	33,168
16	MAERSK KINGSTON	A.P. Moller-Maersk	2003	6,644	11 years	30,375 ⁽¹¹⁾	February 2020	33,343
17	MAERSK KALAMATA	A.P. Moller-Maersk	2003	6,644	11 years	30,375 ⁽¹²⁾	April 2020	33,385
18	ZIM NEW YORK	ZIM	2002	4,992	10 years	16,205 ⁽¹³⁾	July 2012	28,332
19	ZIM SHANGHAI	ZIM	2002	4,992	10 years	16,100 ⁽¹⁴⁾	August 2012	27,801
20	ZIM PIRAEUS ⁽ⁱⁱ⁾	ZIM	2004	4,992	10 years	18,150 ⁽¹⁵⁾	March 2014	24,145
21	OAKLAND EXPRESS	Hapag Lloyd	2000	4,890	8 years	31,297 ⁽¹⁶⁾	September 2016	31,291
22	NEW YORK EXPRESS	Hapag Lloyd	2000	4,890	8 years	31,282 ⁽¹⁶⁾	October 2016	31,274
23	SINGAPORE EXPRESS	Hapag Lloyd	2000	4,890	8 years	31,317 ⁽¹⁶⁾	July 2016	31,312
24	MSC MANDRAKI	MSC	1988	4,828	2.8 years	13,500 ⁽¹⁷⁾	August 2012	20,201
25	MSC MYKONOS	MSC	1988	4,828	3.2 years	13,500 ⁽¹⁸⁾	September 2012	19,577
26		MSC	1993	3,883		17,250 ⁽¹⁹⁾	April 2012	18,949

	MSC ANTWERP				3 years			
27	MSC WASHINGTON	MSC	1984	3,876	3.2 years	17,250 ⁽²⁰⁾	February 2013	18,344
28	MSC KYOTO	MSC	1981	3,876	3.1 years	17,250 ⁽²¹⁾	June 2013	18,238
29	MSC AUSTRIA	MSC	1984	3,584	3.7 years	17,250 ⁽²²⁾	November 2012	19,103
30	AKRITAS	Hapag Lloyd	1987	3,152	1 year	11,000	August 2011	11,000
31	GARDEN ⁽ⁱⁱⁱ⁾	Evergreen Marine	1984	2,922	5 years	15,200	November 2012	15,200
32	GENIUS I ⁽ⁱⁱⁱ⁾	Evergreen Marine	1984	2,922	3.3 years	15,200	November 2012	15,200
33	GATHER ⁽ⁱⁱⁱ⁾	Evergreen Marine	1984	2,922	5 years	15,200	November 2012	15,200
34	GIFTED ^(iv)	Evergreen Marine	1984	2,922	2.4 years	15,700	December 2011	15,700
35	MSC CHALLENGER	MSC	1986	2,633	2 years	10,000	September 2012	10,000
36	MSC NAMIBIA	MSC	1977	1,654	4.8 years	11,500 ⁽²³⁾	July 2012	12,876
37	MSC SUDAN	MSC	1976	1,630	3 years	11,250 ⁽²⁴⁾	June 2011	13,019
38	MSC SIERRA	MSC	1977	1,630	3.7 years	11,250 ⁽²⁵⁾	May 2012	12,847
39	MSC TUSCANY	MSC	1978	1,468	1.9 years	12,000 ⁽²⁶⁾	August 2012	7,985
40	MSC FADO	MSC	1978	1,181	2 years	7,400	May 2012	7,400

41	HORIZON	OACL	1991	1,068	7.1 years	7,625	April 2012	7,625
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Set out below is certain information regarding the newbuilds and secondhand vessels that we have contracted to purchase, subject to our execution of certain financing arrangements prior to November 30, 2010.

	Vessel Name	Charterer ⁽¹⁾	Year Built	Capacity (TEU)	Expected Delivery Date	Time Charter Term ⁽¹⁾	Current Daily Charter Hire (U.S. dollars)	Expiration of Charter ⁽¹⁾	Average Daily Charter Rate Until Earliest Expiry of Charter (U.S. dollars)
Newbuilds⁽²⁷⁾									
1	H 1068A	MSC	2013	9,000	November 2013	10 years	43,000	November 2023	43,000
2	H 1069A	MSC	2013	9,000	December 2013	10 years	43,000	December 2023	43,000
3	H 1070A	MSC	2014	9,000	January 2014	10 years	43,000	January 2024	43,000

(1) Charter terms and expiration dates are based on the earliest date charters could expire.

(2) This average rate is calculated based on contracted charter rates for the days remaining between October 15,

2010 and the earliest expiration of each charter. Certain of our charter rates change until their earliest expiration dates, as indicated in the footnotes below.

- (3) This charter rate escalates on August 31, 2011 to \$37,596 per day until the earliest redelivery date.
- (4) The vessel will be re-delivered from current charterer MSC between January 24, 2011 and January 30, 2011, in return for our payment to MSC of \$9.5 million, at which time it will be delivered to charterer HMM for a time charter until March 25, 2012 at the earliest at a rate of \$44,000 per day.
- (5) This charter rate changes

on January 1,
2011 to
\$34,875 per
day, on
January 1,
2012 to
\$30,375 and
on May 8,
2014 to
\$26,100 per
day until the
earliest
redelivery
date.

(6) This charter
rate changes
on January 1,
2011 to
\$34,875 per
day, on June 1,
2011 to
\$42,679 per
day, on
January 1,
2012 to
\$38,179 per
day and on
June 30, 2014
to \$26,100 per
day until the
earliest
redelivery
date.

(7) This charter
rate changes
on January 1,
2011 to
\$34,875 per
day, on
January 1,
2012 to
\$30,375 and
on August 24,
2014 to
\$26,100 per
day until the
earliest
redelivery
date.

- (8) This charter rate changes on January 1, 2011 to \$29,875 per day, on January 1, 2012 to \$25,375 per day and on October 20, 2014 to \$26,100 per day until the earliest redelivery date.
- (9) This charter rate changes on January 1, 2011 to \$34,875 per day, on January 1, 2012 to \$30,375 per day and on December 4, 2014 to \$26,100 per day until the earliest redelivery date.
- (10) This charter rate changes on January 1, 2011 to \$34,500 per day, on June 1, 2011 to \$42,990 per day, on January 1, 2012 to \$38,490 per day and on January 13,

2016 to
\$26,100 per
day until the
earliest
redelivery
date.

(11) This charter
rate changes
on January 1,
2011 to
\$34,875 per
day, on June 1,
2011 to
\$42,961 per
day, on
January 1,
2012 to
\$38,461 per
day and on
April 28, 2016
to \$26,100 per
day until the
earliest
redelivery
date.

(12) This charter
rate changes
on January 1,
2011 to
\$34,875 per
day, on June 1,
2011 to
\$42,918 per
day, on
January 1,
2012 to
\$38,418 per
day and on
June 11, 2016
to \$26,100 per
day until the
earliest
redelivery
date.

(13) This charter
rate changes
on January 1,
2011 to

\$18,189 per day, on January 1, 2012 to \$16,205 per day and on July 1, 2012 to \$23,150 per day until the earliest redelivery date. In addition, if the charterer does not exercise its unilateral option to extend the term, the charterer is required to make a lump sum payment at the earliest redelivery of approximately \$6.9 million.

- (14) This charter rate escalates on October 28, 2010 to \$16,205 per day, on January 1, 2011 to \$18,189 per day, on January 1, 2012 to \$16,205 per day and on July 1, 2012 to \$23,150 per day until the earliest redelivery date. In addition, if the charterer does not exercise its

unilateral
option to
extend the
term, the
charterer is
required to
make a lump
sum payment
at the earliest
redelivery of
approximately
\$6.9 million.

- (15) This charter rate escalates on January 1, 2011 to \$20,013 per day, on January 1, 2012 to \$18,150 per day, on May 8, 2012 to \$18,274 per day and on January 1, 2013 to \$22,150 per day until the earliest redelivery date. In addition, the charterer is required to repay the remaining amount accrued during the reduction period, or approximately \$5.0 million, no later than July 2016.

- (16) This charter rate changes on January 1, 2011 to

\$35,000 per
day and on
January 1,
2012 to
\$30,500 per
day until the
earliest
redelivery.

(17) This charter rate escalates on January 11, 2011 to \$22,200 per day until November 2, 2011. The market rate is payable for the remainder of the term. In order to calculate the average charter rate, we assumed that the charter expires on November 2, 2011.

(18) This charter escalates on January 5, 2011 to \$22,200 per day until July 14, 2011. The market rate is payable for the remainder of the term. In order to calculate the average charter rate, we assumed that the charter expires on July 14, 2011.

(19) This charter rate escalates on January 4, 2011 to \$20,000 per day until May 15, 2011. The market rate is

payable for the remainder of the term. In order to calculate the average charter rate, we assumed that the charter expires on May 15, 2011.

(20) This charter rate changes on January 3, 2011 to \$20,000 per day and on December 14, 2011 to \$17,250 per day until the earliest redelivery date.

(21) This charter rate changes on January 8, 2011 to \$20,000 per day and on December 19, 2011 to \$17,250 per day until the earliest redelivery date.

(22) This charter rate changes on January 3, 2011 to \$21,100 per day and on December 29, 2011 to \$17,250 per day until the earliest

redelivery
date.

- (23) This charter rate changes on January 6, 2011 to \$14,000 per day and on December 17, 2011 to \$11,500 per day until the earliest redelivery date.
- (24) This charter rate escalates on January 14, 2011 to \$14,000 per day until the earliest redelivery date.
- (25) This charter rate changes on January 9, 2011 to \$14,000 per day and on December 20, 2011 to \$11,250 per day until the earliest redelivery date.
- (26) This charter rate changes on October 26, 2010 to \$7,920 per day, until the end of the period.
- (27) Each of the newbuild

contracts is conditioned upon our ability to obtain certain financing by November 30, 2010.

(i) Charterers have unilateral options to extend the charters of the vessels for two periods of 30 months +/-90 days at a rate of \$41,700 per day.

(ii) Charterer has a unilateral option to extend the charter of the vessel for a period of 12 months +/-60 days at a rate of \$27,500 per day.

(iii) Charterers have unilateral options to extend the charters of the vessels for periods until 2014, at a rate of \$14,000 per day.

- (iv) Charterer
has a
unilateral
option to
extend the
charter of
the vessel
for a
period of
one year
+/-30 days
at a rate of
\$14,000
per day

We seek to maximize the useful lives of our containerships, through proactive fleet management, comprehensive preventive maintenance and efficient vessel operations. Vessel retirement decisions are not based entirely upon vessel age as prevailing market conditions including vessel prices, charter rates and potential trade routes are also significant considerations.

Management of the Company and Our Fleet

Costamare Shipping provides us with general administrative services, certain commercial services, director and officer (D&O) related insurance services and the services of our executive officers pursuant to a management agreement (the Group Management Agreement) between Costamare Shipping and us. Costamare Shipping, itself or through Shanghai Costamare and CIEL, provides our fleet of 41 containerships with technical, crewing, commercial, provisions, bunkering, sale and purchase, chartering, accounting, insurance and administrative services pursuant to the Group Management Agreement and separate shipmanagement agreements between each of our containership-owning subsidiaries and Costamare Shipping, and in respect of our containerships flying the Liberian flag, also CIEL. In return for these services, we pay the management fees described below in this section and elsewhere in this prospectus. Our three managers control the selection and employment of seafarers for our containerships, directly through their crewing offices in Athens, Greece and Shanghai, China, and indirectly through our related crewing agent in the Philippines, C-Man Maritime, and independent manning agents in Romania and Bulgaria. Under the Group Management Agreement, Costamare Shipping may subcontract certain of its obligations. We believe that having three management companies allows us to have a deep pool of operational management in multiple locations with market-specific experience and relationships, as well as the geographic flexibility needed to manage and crew our large and diverse fleet so as to provide a high level of service, while remaining cost-effective. For example, Shanghai Costamare employs Chinese nationals with the language skills and local knowledge we believe are necessary to grow and establish meaningful relationships with Chinese shipyards, charterers, shipowners, financial institutions and containership service providers.

All three managers are controlled by our chairman and chief executive officer. Our chairman and chief executive officer and our chief financial officer supervise, in conjunction with our board of

directors, the services provided by Costamare Shipping, CIEL and Shanghai Costamare. Our managers report to our board of directors through our chairman and chief executive officer and our chief financial officer, each of whom is appointed by our board of directors. Under the Group Management Agreement, the Company is responsible for the cost of the compensation and benefits for our executive officers. We could request that Costamare Shipping provide the services of additional officers or employees pursuant to the Group Management Agreement, in which case we would be responsible for the cost of their compensation and benefits.

Costamare Shipping, which was established in 1975, is a ship management company which was owned by Vasileios Konstantakopoulos until June 2010, at which point ownership was transferred to our chairman and chief executive officer. Costamare Shipping has 27 years of experience in managing containerships of all sizes, developing specifications for newbuilds and supervising the construction of such newbuilds in reputable shipyards in the Far East. Costamare Shipping has long established relationships with major liner companies, financial institutions and suppliers and we believe is recognized in the containership shipping industry as a leading containership manager. Costamare Shipping provides commercial services and insurance services to all our containerships. In respect of our containerships flying the Greek flag and our containerships flying the Hong Kong flag, Costamare Shipping, directly or, in respect of our containerships flying the Hong Kong flag, through Shanghai Costamare, also provides technical, crewing, provisions, bunkering, sale and purchase and accounting services. All of these services are provided by Costamare Shipping pursuant to separate shipmanagement agreements between Costamare Shipping and each of our containership-owning subsidiaries.

CIEL, which was established in February 2001, is a ship management company owned 50.2% by our chairman and chief executive officer, and 49.8% by Dimitrios Lemonidis, its chief executive officer. CIEL specializes, although not exclusively, in managing containerships of up to 3,000 TEUs. Currently CIEL provides technical, crewing, provisions, bunkering, sale and purchase and accounting services, as well as certain commercial services, to eight of our containerships below 3,000 TEU that fly the Liberian flag and full management services to *Reunion* a 1983-built, 1,348 TEU containership owned 51% by our chairman and chief executive officer and 49% by the family of Dimitrios Lemonidis, which is not part of our fleet of 41 containerships. CIEL also provides full management services to *Cougar* a 1992-built, 1,308 TEU containership wholly owned by the family of Dimitrios Lemonidis. The management services performed by CIEL in respect of our Liberia-flagged containerships are provided in exchange for a fixed daily fee, pursuant to separate shipmanagement agreements signed between each relevant containership owning subsidiary and CIEL. In the past, CIEL has managed vessels flying a number of flags other than Liberia, including Hong Kong, Malta, Panama, the Bahamas and Gibraltar, and has provided management services to containerships owned by third parties, namely three containerships operated by MSC, two containerships operated by A.P. Moller-Maersk and two containerships operated by MPC Munchmeyer Peterson Steamship GmbH & Co KG, an affiliate of a major German KG house, MPC Capital AG.

Shanghai Costamare, which was established in February 2005, is owned (indirectly) 70% by our chairman and chief executive officer, and 30% by Zhang Lei, a Chinese national who is Shanghai Costamare's chief executive officer. Shanghai Costamare was established to service the needs of our fleet of containerships when operating in the Far East and South East Asia regions in an efficient and cost-effective manner by providing dedicated on-shore support and manning services in China, and a valuable interface with Chinese shipyards, charterers, shipowners, financial institutions and containership service providers to our fleet based in these regions. Shanghai Costamare has been subcontracted by Costamare Shipping to provide technical, crewing, provisions, bunkering, sale and purchase and accounting services, as well as certain commercial services, to our eight containerships flying the Hong Kong flag. These containerships are exclusively manned by Chinese crews, which means that the Chinese on-shore personnel of Shanghai Costamare can communicate and provide integrated services and support to these containerships in the most efficient manner. Shanghai Costamare provides these services for a fixed daily fee, pursuant to separate management agreements between Costamare Shipping and Shanghai Costamare.

Currently,

Costamare
Shipping
provides
commercial
and insurance
services to all
41 of our
containerships
as well as
technical,
crewing,
provisions,
bunkering, sale
and purchase
and accounting
services to our
25
containerships
flying the
Greek flag;

CIEL provides
technical,
crewing,
provisions,
bunkering, sale
and purchase
and accounting
services to
eight of our
containerships
flying the
Liberian flag;
and

Shanghai
Costamare
provides
technical,
crewing,
provisions,
bunkering, sale
and purchase
and accounting
services to the
remaining
eight
containerships

of our fleet
flying the
Hong Kong
flag.

Our managers are well-regarded in the industry and have used innovative practices and technological advancement to maximize efficiency in the operation of our fleet of containerships. ISM certification is in place for our fleet of containerships and our three managers, with Costamare Shipping obtaining such certification in 1998, three years ahead of the deadline set by the IMO. All three managers and our fleet of 41 containerships are also certified in accordance with ISO 9001-2008 and ISO 14001-2004 relating to quality management and environmental standards. In 2004, Costamare Shipping received the Lloyd's List Dry Cargo Company of the Year Award. Except for CIEL's management of *Reunion* and *Cougar*, our managers do not currently manage containerships other than those owned by us.

Costamare Shipping has agreed that, during the term of the Group Management Agreement, it will not provide any management services to any other entity without our prior written approval. We believe we will derive significant benefits from our exclusive relationship with Costamare Shipping. The Group Management Agreement does not prohibit CIEL or Shanghai Costamare from providing services to third parties. In the past, CIEL and Shanghai Costamare have only provided services to third parties on a limited basis and there is no current plan to change that practice.

Under the restrictive covenant agreement between the Company and Konstantinos Konstantakopoulos, during the period of his employment or service with the Company and for six months thereafter, he agreed to restrictions on his ownership of any containerships or the acquisition, investment in or control of any business involved in the ownership or operation of containerships, subject to certain exceptions. Konstantinos Konstantakopoulos has also agreed that if one of our containerships and a containership owned by him are both available and meet the criteria for an available charter, our containerships will receive such charter. See Related Party Transactions Restrictive Covenant Agreement.

With effect from the consummation of this offering, Costamare Shipping will receive a fee of \$850 per day (\$425 per day in the case of a containership subject to a bareboat charter) for each containership, pro rated for the calendar days we own each containership, for providing us with general administrative services, certain commercial services, D&O related insurance services and the services of our officers (but not for payment of such officer's compensation or benefits) and for providing the relevant containership-owning subsidiaries with technical, commercial, insurance, accounting, provisions, sale and purchase, crewing and bunkering services. In the event that Costamare Shipping decides to delegate certain or all of the services it has agreed to perform, either through subcontracting to CIEL or Shanghai Costamare or by directing CIEL or Shanghai Costamare to enter into a direct shipmanagement agreement with the relevant containership-owning subsidiary, then, in the case of subcontracting, Costamare Shipping will be responsible for paying the management fee charged by the relevant submanager for providing such services and, in the case of a direct shipmanagement agreement, the fee received by Costamare Shipping will be reduced by the fee payable to CIEL or, as the case may be, Shanghai Costamare, under the relevant direct shipmanagement agreement. In addition to such fees, we pay for any capital expenditures, financial costs, operating expenses and any general and administrative expenses, including the salaries of our officers and employees and payments to third parties, including specialist providers, in accordance with the Group Management Agreement and the relevant separate shipmanagement agreements or supervision agreements. We also pay to Costamare Shipping a flat fee of \$700,000 per newbuild vessel for the supervision of the construction of any newbuild vessel for which we may contract. Costamare Shipping also receives a commission of 0.75% on all gross freight, demurrage, charter hire and ballast bonus or other income earned with respect to each containership in our fleet.

The initial term of the Group Management Agreement expires on December 31, 2015. The Group Management Agreement automatically renews for five consecutive one-year periods until December 31, 2020, at which point the Group Management Agreement will expire. After the initial term expires on December 31, 2015, we will be able to terminate the Group Management Agreement, subject to a termination fee, by providing written notice to Costamare Shipping at least 12 months before the end of the subsequent one-year term. Pursuant to the terms of our Group Management Agreement and separate shipmanagement agreements and supervision agreements, liability of our managers to us is limited to instances of gross negligence or willful misconduct on the part of the managers. Further, we are required to indemnify the managers for liabilities incurred by the managers in performance of the Group Management Agreement and separate shipmanagement agreements and supervision agreements, except in instances of gross negligence or willful misconduct on the part of the managers.

Competition

We operate in markets that are highly competitive and based primarily on supply and demand. Generally, we compete for charters based upon charter rate, customer relationships, operating expertise, professional reputation and containership specifications, size, age and condition. Competition for providing containership services comes from a number of experienced shipping companies, including a number of our competitors who have been financed by the German KG system, which was based on tax benefits provided to private investors.

Participants in the container shipping industry include liner shipping companies, who operate container shipping services and own containerships; containership owners, often known as charter owners, who own containerships and charter them out to liner companies, and shippers who require the seaborne movement of containerized goods. According to Clarkson Research, there are over 200 liner companies, but the top 10 and top 20 companies deployed a total of 56% and 76% of global total liner capacity as of October 1, 2010. Charter owners are also numerous, with over 400 owning containerships as of October 1, 2010, though the top 10 charter owners account for 42% of charter owner global capacity, respectively, as of October 1, 2010, according to Clarkson Research. Historically, a significant share of the world's containership capacity has been owned by the liner companies, but since the 1990s there has been an increasing trend for the liner companies to charter-in a larger proportion of the capacity that they operate as a way of retaining some degree of flexibility with regard to capital spending levels over time given the significant costs associated with purchasing vessels. See *The International Containership Industry Containership Market Competition*.

We believe that the containership sector of the international shipping industry is characterized by the significant time required to develop the operating expertise and professional reputation necessary to obtain and retain customers. We believe that our development of a large fleet of containerships with varying TEU capacities has enhanced our relationship with our principal charterers by enabling them to serve the East-West, North-South and Intra-regional trade routes efficiently, while enabling us to operate in the different rate environments prevailing for those routes. We also believe that our focus on customer service and reliability enhances our relationships with our charterers. In the past decade, we have had successful chartering relationships with the majority of the top 20 liner companies by TEU capacity.

In the past, we have been able to address the periodic scarcity of secondhand containerships available for acquisition in the open market though the acquisition of containerships from our liner company customers in privately negotiated sales. In connection with these acquisitions we then typically charter back the vessels to these customers. We believe we have been able to pursue these privately negotiated acquisitions because of our long-standing customer relations, which we do not believe new entrants have.

For additional information on the competitive environment, see *The International Containership Industry Containership Market Competition*.

Crewing and Employees

At the completion of this offering, we will have three shore-based officers, our chairman and chief executive officer, our chief financial officer, and our general counsel and secretary. In each case their services are provided under our management agreement with Costamare Shipping. As of June 30, 2010, approximately 2,500 people served in a pool of personnel who rotate their service onboard the containerships in our fleet. Costamare Shipping, CIEL and Shanghai Costamare, our managers, each employed approximately 90, 40 and 30 people, respectively, all of whom were shore-based. In addition, our managers are responsible for recruiting, either directly or through a crewing agent, the senior officers and all other crew members for our containerships. Recruiting is arranged directly through our managers' crewing offices in Athens, Greece and Shanghai, China, and indirectly through our related crewing agent, C-Man Maritime, in the Philippines, and independent manning agents in Romania and Bulgaria. We believe the streamlining of crewing arrangements through our managers ensures that all of our vessels will be crewed with experienced crews that have the qualifications and licenses required by international regulations and shipping conventions. We have not experienced any material work stoppages due to labor disagreements during the past three years.

Inspection by Classification Societies

Every seagoing vessel must be classed by a classification society. The classification society certifies that the vessel is in class, signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes on request other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned.

For maintenance of the class, regular and extraordinary surveys of hull and machinery, including the electrical plant, and any special equipment classed are required to be performed as follows:

Annual Surveys. For seagoing ships, annual surveys are conducted for the hull and the machinery, including the electrical plant, and where applicable, on special equipment classed at intervals of 12 months from the date of commencement of the class period indicated in the certificate.

Intermediate Surveys. Extended annual surveys are referred to as intermediate surveys and typically are conducted two and one-half years after commissioning and each class renewal. Intermediate surveys may be carried out on the occasion of the second or third annual survey.

Class Renewal Surveys. Class renewal surveys, also known as special surveys, are carried out on the ship's hull and machinery, including the electrical plant, and on any special equipment classed at the intervals indicated by the character of classification for the hull. During the special survey, the vessel is thoroughly examined, including audio-gauging to determine the thickness of the steel structures. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. The classification society may grant a one-year grace period for completion of the special survey. Substantial amounts of funds may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every four or five years, depending on whether a grace period is granted, a shipowner has the option of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle. At a shipowner's application, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as

continuous class renewal.

All areas subject to surveys as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are otherwise prescribed. The period between two consecutive surveys of each area must not exceed five years.

All vessels are also drydocked at least once every five years for inspection of their underwater parts and for repairs related to such inspections. If any defects are found, the classification surveyor will issue a recommendation which must be rectified by the shipowner within prescribed time limits.

Insurance underwriters make it a condition for insurance coverage that a vessel be certified as in class by a classification society which is a member of the International Association of Classification Societies (IACS). All of our vessels are certified as being in class by members of IACS.

Drydocking

We drydock our vessels when the next survey (drydock survey or special survey) is scheduled to become due, ranging from 30 to 60 months. Our current fleet averages 18 days of drydock time per containership, at which time we perform class renewal surveys and make any necessary repairs or retrofittings. We have drydocked 31 vessels over the past 3 years, and we plan to drydock 10 vessels in 2010 and 4 vessels in 2011. Our fleet drydocking needs change from time to time based on a number of factors, including acquisitions and dispositions of vessels in our fleet and other operational factors. Our current drydocking schedule through 2014, excluding our three contracted newbuilds and four contracted secondhand containerships, is summarized in the table below. Drydocking schedules frequently change, and we expect that the actual experience of our fleet over the period below will differ from the current schedule.

Drydocking Schedule⁽¹⁾

	2010	2011	2012	2013	2014
Number of vessels	10	4	8	11	7
Number of vessels to be drydocked that are more than 30 years old (included in above figure)			3	4	3

- (1) The schedule does not include the *MSC Navarino*, which was delivered on May 6, 2010 and is scheduled for special survey in 2015.

Risk of Loss and Liability Insurance

General

The operation of any vessel includes risks such as mechanical failure, collision, property loss or damage, cargo loss or damage and business interruption due to a number of reasons, including mechanical failure, political circumstances in foreign countries, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. The U.S. Oil Pollution Act of 1990 (OPA 90), which imposes under certain circumstances unlimited liability upon owners, operators and demise charterers of vessels trading in the United States exclusive economic zone for certain oil pollution accidents in the United States, has made liability insurance more expensive for shipowners and operators trading in the United States market.

We maintain hull and machinery marine risks insurance and hull and machinery war risks insurance for our fleet of containerships to cover normal risks in our operations and in amounts that we believe to be prudent to cover such risks. In addition, we maintain protection and indemnity insurance up to the maximum insurable limit available at any given time. While we believe that our insurance coverage will be adequate, not all risks can be insured, and there can be no guarantee that we will always be able to obtain adequate insurance coverage at reasonable rates or at all, or that any specific claim we may make under our insurance coverage will be paid.

Hull & Machinery Marine Risks Insurance, Hull & Machinery War Risks Insurance and Loss of Hire Insurance

We maintain hull and machinery marine risks insurance and hull and machinery war risks insurance, which cover the risk of particular average, general average, 4/4ths collision liability, contact

with fixed and floating objects and actual or constructive total loss in accordance with the Swedish Hull conditions. Each of our containerships is insured up to what we believe to be at least its fair market value, after meeting certain deductibles.

We do not and will not obtain loss of hire insurance (or any other kind of business interruption insurance) covering the loss of revenue during off-hire periods for any of our vessels because we believe that this type of coverage is not economical and is of limited value to us, in part because historically our vessels have had a very limited number of off-hire days.

Protection and Indemnity Insurance Pollution Coverage

Protection and indemnity insurance is usually provided by a protection and indemnity association (the P&I association) and covers third-party liability, crew liability and other related expenses resulting from the injury or death of crew, passengers and other third parties, the loss or damage to cargo, third-party claims arising from collisions with other vessels (to the extent not recovered by the hull and machinery policies), damage to other third-party property, pollution arising from oil or other substances and salvage, towing and other related costs, including wreck removal.

Our protection and indemnity insurance is provided by a P&I association, which is a member of the International Group of P&I Clubs (International Group). The 14 P&I associations that comprise the International Group insure approximately 90% of the world's commercial blue-water tonnage and have entered into a pooling agreement to reinsure each association's liabilities. Insurance provided by a P&I association is a form of mutual indemnity insurance.

Our protection and indemnity insurance coverage is currently subject to a limit of about \$5 billion per vessel per incident except that for pollution the limit is set at \$1 billion per vessel per incident, and for war risks the limit is set at \$500 million per vessel per incident.

As a member of a P&I association, which is a member of the International Group, we will be subject to calls payable to the P&I association based on the International Group's claim records as well as the claim records of all other members of the P&I association of which we are a member.

Permits and Authorizations

We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, financial assurances and certificates with respect to our containerships. The kinds of permits, licenses, financial assurances and certificates required will depend upon several factors, including the commodity transported, the waters in which the vessel operates, the nationality of the vessel's crew and the type and age of the vessel. We have obtained all permits, licenses, financial assurances and certificates currently required to operate our vessels. Additional laws and regulations, environmental or otherwise, may be adopted which could limit our ability to do business or increase the cost of doing business.

Environmental and Other Regulations

Government regulation affects the ownership and operation of our vessels in a significant manner. We are subject to international conventions and national, port state and local laws and regulations applicable to international waters and/or territorial waters of the countries in which our vessels may operate or are registered, including those governing the management and disposal of hazardous substances and wastes, the cleanup of oil spills and the management of other contamination, air emissions, and grey water and ballast water discharges. These laws and regulations include OPA 90, the U.S. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the U.S. Clean Water Act (CWA), the U.S. Clean Air Act (CAA) and regulations adopted by the International Maritime Organization (IMO), including the International Convention for Prevention of Pollution from Ships (MARPOL) and

the International Convention for Safety of Life at Sea (SOLAS), as well as regulations enacted by the European Union and other international, national and local regulatory bodies. Compliance with these laws, regulations and other requirements entails significant expense, including vessel modifications and implementation of certain operating procedures.

A variety of governmental and private entities subject our vessels to both scheduled and unscheduled inspections. These entities include the local port authorities Port State Control (such as the U.S. Coast Guard, harbor master or equivalent), classification societies, flag state administration (country of registry) and charterers. Certain of these entities require us to obtain permits, licenses, financial assurances and certificates for the operation of our vessels. Failure to maintain necessary permits or approvals could require us to incur substantial costs or temporarily suspend the operation of one or more of our vessels in one or more ports.

We believe that the heightened level of environmental and quality concerns among insurance underwriters, regulators and charterers is leading to greater inspection and safety requirements for all vessels and may accelerate the scrapping of older vessels throughout the container shipping industry. Increasing environmental concerns have created a demand for vessels that conform to the strictest environmental standards. We will be required to maintain operating standards for all of our vessels that emphasize operational safety, quality maintenance, continuous training of our officers and crews and compliance with U.S. and international regulations. Our managers and our vessels are certified in accordance with ISO 9001-2008 and ISO 14001-2004 relating to quality management and environmental standards.

Our containerships are subject to standards imposed by the IMO, the United Nations agency for maritime safety and the prevention of pollution by ships. The IMO has adopted regulations that are designed to reduce pollution in international waters, both from accidents and from routine operations, and has negotiated international conventions that impose liability for oil pollution in international waters and a signatory's territorial waters. For example, Annex III of MARPOL regulates the transportation of marine pollutants and imposes standards on packing, marking, labeling, documentation, stowage, quantity limitations and pollution prevention. These requirements have been expanded by the International Maritime Dangerous Goods Code, which imposes additional standards for all aspects of the transportation of dangerous goods and marine pollutants by sea. In September 1997, the IMO adopted Annex VI to MARPOL to address air pollution from vessels. Annex VI, which became effective on May 19, 2005, sets limits on sulfur oxide and nitrogen oxide emissions from vessel exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions. In October 2008, the Marine Environment Protection Committee (the MEPC) of the IMO adopted amendments to Annex VI regarding particulate matter, nitrogen oxide and sulfur oxide emission standards that entered into force on July 1, 2010. The new standards seek to reduce air pollution from vessels by, among other things, establishing a series of progressive requirements to further limit the sulfur content of fuel oil that will be phased in through 2020 and by establishing new tiers of nitrogen oxide emission standards for new marine diesel engines, depending on their date of installation. Additionally, more stringent emission standards could apply in the coastal areas designated as Emission Control Areas, the Baltic Sea, North Sea and United States and Canadian coastal areas. All our existing containerships are generally compliant with current Annex VI requirements, except that for those built before 2000, we may incur costs to install control equipment on their engines to comply with nitrogen oxide emission requirements.

In 2001, the IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage (the Bunker Convention), which imposes strict liability on vessel owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention also requires registered owners of vessels over 1,000 gross tons to maintain insurance in specified amounts to cover liability for bunker fuel pollution damage. The Bunker Convention became effective on November 21, 2008. Each of our containerships has been issued a certificate attesting that insurance is in force in accordance with the Bunker Convention.

In 2004, the IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments (the BWM Convention). The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits. The BWM Convention will not enter into force until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping. As of September 30, 2010, the BWM Convention had been adopted by 27 states, representing 25.32% of the world's tonnage.

The operation of our vessels is also affected by the requirements set forth in the IMO's Management Code for the Safe Operation of Ships and Pollution Prevention (the ISM Code). The ISM Code requires vessel owners, bareboat charterers and management companies to develop and maintain an extensive Safety Management System (SMS) that includes the adoption of a safety and environmental protection policy, sets forth instructions and procedures for safe operation and describes procedures for dealing with emergencies. The ISM Code requires that vessel operators obtain a Safety Management Certificate for each vessel they operate from the government of the vessel's flag state. The certificate verifies that the vessel operates in compliance with its approved SMS. Noncompliance by a vessel owner, manager or bareboat charterer with the ISM Code may subject such party to increased liability, invalidate existing insurance or decrease available insurance coverage for the affected vessels and result in a denial of access to, or detention in, certain ports. Our managers and each of our containerships is ISM Code-certified.

United States Requirements

OPA 90 established an extensive regulatory and liability regime for the protection of the environment from oil spills and cleanup of oil spills. OPA 90 applies to discharges of any oil from a vessel, including discharges of fuel and lubricants. OPA 90 affects all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in U.S. waters, which include the United States territorial sea and its two hundred nautical mile exclusive economic zone. While we do not carry oil as cargo, we do carry fuel in our containerships, making them subject to the requirements of OPA 90.

Under OPA 90, vessel owners, operators and bareboat charterers are responsible parties and are jointly, severally and strictly liable (unless the discharge of pollutants results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges, of pollutants from their vessels, including bunkers. OPA 90 defines these other damages broadly to include:

natural
resource
damages
and the costs
of
assessment
thereof;

real and
personal
property
damage;

net loss of
taxes,
royalties,
rents, fees
and other
lost
revenues;

lost profits
or
impairment

of earning
capacity due
to property
or natural
resource
damages;
and

net cost of
public
services
necessitated
by a spill
response,
such as
protection
from fire,
safety or
health
hazards, and
loss of
subsistence
use of
natural
resources.

OPA 90 preserves the right to recover damages under other existing laws, including maritime tort law.

Effective July 31, 2009, the U.S. Coast Guard adjusted the limits of OPA 90 liability to the greater of \$1,000 per gross ton or \$854,400 per incident for non-tank vessels and established a procedure for adjusting limits every three years. These limits of liability do not apply if an incident was directly caused by violation of applicable U.S. safety, construction or operating regulations or by a responsible party's gross negligence or willful misconduct, or if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with oil removal activities. As a result of the oil spill in the Gulf of Mexico resulting from the explosion of the Deepwater Horizon drilling rig (which was owned and operated by third parties not affiliated with us), bills have been introduced in both houses of the U.S. Congress to increase the limits of OPA liability for all vessels, including non-tank vessels.

CERCLA applies to spills or releases of hazardous substances other than petroleum or petroleum products whether on land or at sea. CERCLA imposes joint and several liability, without regard to fault, on the owner or operator of a vessel, vehicle or facility from which there has been a release, along with other specified parties. Costs recoverable under CERCLA include cleanup and removal costs, natural resource damages and governmental oversight costs. Liability under CERCLA is generally limited to the greater of \$300 per gross ton or \$5.0 million for vessels carrying any hazardous substances, such as cargo or residue, or \$0.5 million for any other vessel, per release of or incident involving hazardous substances. These limits of liability do not apply if the incident is caused by gross negligence, willful misconduct or a violation of certain regulations, in which case liability is unlimited.

All owners and operators of vessels over 300 gross tons are required to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet their potential liabilities under OPA 90 and CERCLA. Under the U.S. Coast Guard regulations, vessel owners and operators may evidence their financial responsibility by showing proof of insurance, surety bond, guarantee, letter of credit or self-insurance. An owner or operator of a fleet of vessels is required only to demonstrate evidence of financial responsibility in an amount sufficient to cover the vessel in the fleet having the greatest maximum liability under OPA 90 and CERCLA. Under the self-insurance provisions, the vessel owner or operator must have a net worth and working capital, measured in assets located in the United States against liabilities located anywhere in the world, that exceeds the applicable amount of financial responsibility.

The U.S. Coast Guard's regulations concerning certificates of financial responsibility provide, in accordance with OPA 90, that claimants may bring suit directly against an insurer or guarantor that furnishes certificates of financial responsibility. In the event that such insurer or guarantor is sued directly, it is prohibited from asserting any contractual defense that it may have had against the responsible party and is limited to asserting those defenses available to the responsible party and the defense that the incident was caused by the willful misconduct of the responsible party. Certain organizations, which had typically provided certificates of financial responsibility under pre-OPA 90 laws, including the major P&I associations, have declined to furnish evidence of insurance for vessel owners and operators if they are subject to direct actions or required to waive insurance policy defenses. This requirement may have the effect of limiting the availability of the type of vessel coverage required by the U.S. Coast Guard and could increase our costs of obtaining this insurance for our fleet, as well as the costs of our competitors that also require such coverage.

OPA 90 specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states which have enacted such legislation have not yet issued implementing regulations defining vessels owners' responsibilities under these laws. We intend to comply with all applicable state regulations in the ports where our vessels call.

We will maintain, for each of our containerships, oil pollution liability coverage insurance in the amount of \$1.0 billion per vessel per incident. In addition, we carry hull and machinery and protection and indemnity insurance to cover the risks of fire and explosion. Although our containerships will only carry bunker fuel, a spill of oil from one of our vessels could be catastrophic under certain circumstances. Losses as a result of fire or explosion could also be catastrophic under some conditions. While we believe that our present insurance coverage is adequate, not all risks can be insured, and if the damages from a catastrophic spill exceeded our insurance coverage, the payment of those damages could have an adverse effect on our business or the results of our operations.

Title VII of the Coast Guard and Maritime Transportation Act of 2004 (the "CGMTA") amended OPA 90 to require the owner or operator of any non-tank vessel of 400 gross tons or more that carries oil of any kind as a fuel for main propulsion, including bunker fuel, to prepare and submit a response plan for each vessel. These vessel response plans include detailed information on actions to be taken by vessel personnel to prevent or mitigate any discharge or substantial threat of such a discharge of oil from the vessel due to operational activities or casualties. Where required, each of our containerships has an approved response plan.

The CWA prohibits the discharge of oil or hazardous substances in navigable waters and imposes liability in the form of penalties for any unauthorized discharges. It also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under the more recently enacted OPA 90 and CERCLA, discussed above. The U.S. Environmental Protection Agency (the "EPA") regulates the discharge of ballast water and other substances under the CWA. Effective February 6, 2009, EPA regulations require vessels 79 feet in length or longer (other than commercial fishing vessels) to obtain coverage under a Vessel General Permit ("VGP") authorizing discharges of ballast waters and other wastewaters incidental to the operation of vessels when operating within the three-mile territorial waters or inland waters of the United States. The VGP requires vessel owners and operators to

comply with a range of best management practices and reporting and other requirements for a number of incidental discharge types. We have obtained coverage under the VGP

for all of our containerships that operate in U.S. waters. We do not believe that any costs associated with meeting the requirements under the VGP will be material.

The U.S. National Invasive Species Act (NISA) was enacted in 1996 in response to growing reports of harmful organisms being released into U.S. ports through ballast water taken on by vessels in foreign ports. The U.S. Coast Guard adopted regulations under NISA in July 2004 that impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering U.S. waters. These requirements can be met by performing mid-ocean ballast exchange, by retaining ballast water on board the vessel or by using environmentally sound alternative ballast water management methods approved by the U.S. Coast Guard. However, mid-ocean ballast exchange is mandatory for vessels heading to the Great Lakes or Hudson Bay. Mid-ocean ballast exchange is the primary method for compliance with the U.S. Coast Guard regulations, since holding ballast water can prevent vessels from performing cargo operations upon arrival in the United States and alternative methods are still under development. Vessels that are unable to conduct mid-ocean ballast exchange due to voyage or safety concerns may discharge minimum amounts of ballast water (in areas other than the Great Lakes and Hudson Bay), *provided* that they comply with record keeping requirements and document the reasons they could not follow the required ballast water management requirements. The U.S. Coast Guard is proposing new ballast water management standards and practices that could ultimately lead to the establishment of maximum acceptable discharge limits for various invasive species and/or requirements for active treatment of ballast water. A number of bills relating to ballast water management have been introduced in the U.S. Congress, but it is difficult to predict which, if any, will be enacted. Several states, including Michigan and California, have adopted legislation or regulations relating to the permitting and management of ballast water discharges. California has extended its ballast water management program to the regulation of hull fouling organisms attached to vessels and adopted regulations limiting the number of organisms in ballast water discharges. Other states could adopt similar requirements that could increase the costs of operation in state waters.

The EPA has adopted standards under the CAA that pertain to emissions from vessel vapor control and recovery and other operations in regulated port areas and emissions from model year 2004 and later large marine diesel engines. On April 30, 2010, the EPA promulgated regulations that impose more stringent standards for emissions of particulate matter, sulfur oxides and nitrogen oxides from new Category 3 marine diesel engines on vessels constructed on or after January 1, 2016 and registered or flagged in the U.S. and implement the new MARPOL Annex VI requirements for U.S. and foreign flagged ships entering U.S. ports or operating in U.S. internal waters. The EPA is also considering a petition from a number of environmental groups that requests the EPA to impose more stringent emissions limits on foreign-flagged vessels operating in U.S. waters. Several states regulate emissions from vapor control and recovery under authority of State Implementation Plans adopted under the CAA. Although California's adoption of emission limits for auxiliary diesel engines of ocean-going vessels operating within 24 miles of the California coast was struck down by the Ninth Circuit Court of Appeals in May 2008, the state has requested the EPA to grant it a waiver under the CAA to enforce the invalidated emission standards. Effective July 1, 2009, California also adopted fuel content regulations that apply to all vessels sailing within 24 miles of the California coast whose itineraries call for them to enter to California ports, terminal facilities or estuarine waters. If new or more stringent regulations relating to emissions from marine diesel engines or port operations by ocean-going vessels are adopted by the EPA or states, these requirements could require significant capital expenditures or otherwise increase the costs of our operations.

European Union Requirements

The European Union has also adopted legislation that (1) requires member states to refuse access to their ports to certain sub-standard vessels, according to vessel type, flag and number of previous detentions, (2) obliges member states to inspect at least 25% of vessels using their ports annually and provides for increased surveillance of vessels posing a high risk to maritime safety or the marine environment, (3) provides the European Union with greater authority and control over classification societies, including the ability to seek to suspend or revoke the authority of negligent societies, and (4) requires member states to impose criminal sanctions for certain pollution events, such as

the unauthorized discharge of tank washings. It is also considering legislation that will affect the operation

of vessels and the liability of owners for oil pollution. It is difficult to predict what legislation, if any, may be promulgated by the European Union or any other country or authority.

Other Regional Requirements

The environmental protection regimes in certain other countries, such as Canada, resemble those of the United States. To the extent we operate in the territorial waters of such countries or enter their ports, our containerships would typically be subject to the requirements and liabilities imposed in such countries. Other regions of the world also have the ability to adopt requirements or regulations that may impose additional obligations on our containerships and may entail significant expenditures on our part and may increase the costs of our operations. These requirements, however, would apply to the industry operating in those regions as a whole and would also affect our competitors.

Climate Control Initiatives

In February 2005, the Kyoto Protocol to the United Nations Framework Convention on Climate Change (the Kyoto Protocol) entered into force. Although the Kyoto Protocol requires adopting countries to implement programs to reduce emissions of greenhouse gases, emissions from international shipping are not subject to the Kyoto Protocol. International or multi-national bodies or individual countries may adopt their own climate change regulatory initiatives that include restrictions on shipping emissions in the future, however. For example, the U.S. Congress is considering climate change legislation, and the EPA is separately considering a petition from the California Attorney General and environmental groups to regulate greenhouse gas emissions from ocean-going vessels under the CAA. The European Union intends to expand its emissions trading scheme to vessels and MEPC is developing technical and operational measures to limit emissions of greenhouse gases from international shipping for consideration by IMO in fall 2010. Any passage of climate control legislation or adoption of regulatory initiatives could require us to incur significant expenditures or otherwise limit our operations.

Vessel Security Regulations

A number of initiatives have been introduced in recent years intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Security Act of 2002 (the MTSA) was signed into law. To implement certain portions of the MTSA, the U.S. Coast Guard issued regulations in July 2003 requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. This new chapter came into effect in July 2004 and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created International Ship and Port Facilities Security Code (the ISPS Code). Among the various requirements are:

on-board
installation of
automatic
information
systems to
enhance
vessel-to-vessel
and
vessel-to-shore
communications;

on-board
installation of

ship security alert
systems;

the development
of vessel security
plans; and

compliance with
flag state security
certification
requirements.

The U.S. Coast Guard regulations, intended to align with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid International Ship Security Certificate that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code. We have implemented the various security measures required by the IMO, SOLAS and the ISPS Code and have approved ISPS certificates and plans certified by the applicable flag state on board all our containerships.

Legal Proceedings

We have not been involved in any legal proceedings that we believe may have a significant effect on our business, financial position, results of operations or liquidity, and we are not aware of any proceedings that are pending or threatened that may have a material effect on our business, financial position, results of operations or liquidity. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, principally property damage and personal injury claims. We expect that these claims would be covered by insurance, subject to customary deductibles. However, those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Properties

We have no freehold or leasehold interest in any real property. We occupy office space at 60 Zephyrou Street & Syngrou Avenue, 17564, Athens, Greece. The office space is owned by one of our managers, Costamare Shipping, and is provided to us as part of the services we receive under our management agreement with Costamare Shipping.

Exchange Controls

Under Marshall Islands and Greek law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to non-resident holders of our common stock.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers. The business address of each of our executive officers and directors listed below is 60 Zephyrou Street & Syngrou Avenue, 17564 Athens, Greece. Our telephone number at that address is +30-210-949-0000. Our board of directors will be elected annually on a staggered basis, and each elected director will hold office for a three-year term. The following directors or nominees for director have been determined by our board of directors to be independent: Vagn Lehd Møller and Charlotte Stratos. Officers are elected from time to time by vote of our board of directors and hold office until a successor is elected and qualified.

Name	Age	Position
Konstantinos Konstantakopoulos	41	Chief Executive Officer, Chairman of the Board and Class III Director
Gregory Zikos	41	Chief Financial Officer and Class II Director
Konstantinos Zacharatos	38	General Counsel, Secretary and Class I Director
Vagn Lehd Møller	64	Class II Director Nominee*
Charlotte Stratos	56	Class III Director Nominee*

* Has agreed to join our board of directors upon completion of this offering.

The term of our Class I directors expires in 2011, the term of our Class II directors expires in 2012 and the term of our Class III directors expires in 2013.

Konstantinos Konstantakopoulos is our Chief Executive Officer and Chairman of our board of directors. Mr. Konstantakopoulos serves as President and Chief Executive Officer of Costamare Shipping, one of our three managers, which he wholly owns and joined in 1992 (and where he worked part-time beforehand). In 2001, Mr. Konstantakopoulos founded CIEL, one of our managers, and he has served as President of CIEL since its inception. Mr. Konstantakopoulos owns 50.2% of CIEL. In 2005, Mr. Konstantakopoulos founded another of our managers, Shanghai Costamare, of which he is the controlling shareholder. Mr. Konstantakopoulos also owns, indirectly, 25% of C-Man Maritime, a vessel manning agency which he founded in 2006. Mr. Konstantakopoulos has served on the board of directors of the Union of Greek Shipowners since 2006. Mr. Konstantakopoulos studied engineering at Université Paul Sabatier in France.

Gregory Zikos is our Chief Financial Officer and a member of our board of directors. Prior to joining us in 2007, Mr. Zikos was employed at DryShips, Inc., a public shipping company, as the Chief Financial Officer from 2006 to 2007. From 2004 to 2006, Mr. Zikos was employed with J&P Avax S.A., a real estate investment and construction company, where he was responsible for project and structured finance debt transactions. From 2000 to 2004, Mr. Zikos was employed at Citigroup (London), global corporate and investment banking group, where he was involved in

numerous European leveraged and acquisition debt financing transactions. Mr. Zikos practiced law from 1994 to 1998, during which time he advised financial institutions and shipping companies in debt and acquisition transactions. Mr. Zikos holds an M.B.A. in finance from Cornell University, an L.L.M. from the University of London King's College, and a bachelor of laws, with merits, from the University of Athens.

Konstantinos Zacharatos is our General Counsel, Secretary and a member of our board of directors. Mr. Zacharatos has also served as the Vice Chairman of Shanghai Costamare since its incorporation in 2005. Mr. Zacharatos joined Costamare Shipping in 2000 and has also been responsible for the legal affairs of CIEL, Shanghai Costamare and C-Man Maritime. Mr. Zacharatos has been the legal adviser of Costaterra S.A., a Greek property company, since 2000. Prior to joining Costamare Shipping and Costaterra S.A., Mr. Zacharatos was employed with Pagoropoulos & Associates, a law firm. Mr. Zacharatos holds an L.L.M. and an L.L.B. from the London School of Economics and Political Science.

Vagn Lehd Møller has agreed to join our board of directors upon completion of this offering. From 1963 to 2007, Mr. Møller worked with A.P. Møller-Maersk A/S where he eventually served as Executive

Vice President and Chief Operations Officer of the world's largest liner company, Maersk Line. Mr. Møller was instrumental in the purchase and integration of Sea-land Services by A.P. Moller-Maersk A/S in 2000 and of P&O Nedlloyd in 2005. From 1992 to July 2010, Mr. Møller served as a board member for Norfolk Line Holdings, a Netherlands based sea ferry company. From 2000 to April 2010, Mr. Møller served as a board member for Svitzer A/S, a Denmark based salvage and towing company.

Charlotte Stratos has agreed to join our board of directors upon completion of this offering. Since 2008, Ms. Stratos has served as a Senior Advisor to Morgan Stanley's Investment Banking Division-Global Transportation team. From 1987 to 2007, Ms. Stratos served as Managing Director and Head of Global Greek Shipping for Calyon Corporate and Investment Bank of the Credit Agricole Group. From 1976 to 1987, Ms. Stratos served in various roles with Bankers Trust Company including, Advisor to the Shipping Department and Vice President of Greek shipping finance. Ms. Stratos currently serves as an independent director for Hellenic Carriers Ltd. and Gyroscopic Fund, a hedge fund company.

Compensation of Directors and Senior Management

We did not pay our directors prior to this offering. Beginning in the fiscal year ending December 31, 2010, non-executive directors will receive annual fees in the amount of \$65,000, plus reimbursement for their out-of-pocket expenses. Our officers who serve as our directors will not receive additional compensation for their service as directors.

We have not paid any compensation to our chief executive officer, our chief financial officer or our general counsel prior to this offering. Our executive officers are employees of Costamare Shipping and their compensation is set and paid by Costamare Shipping. Under our management agreement with Costamare Shipping, we will be responsible for the compensation of our executive officers, according to terms to be agreed; we currently estimate such compensation will initially be \$1.0 million per year in the aggregate. We do not have any service contracts with our non-executive directors that provide for benefits upon termination of their services.

Board of Directors

Upon completion of this offering, we will have five members on our board of directors. The board of directors may change the number of directors to not less than three, nor more than 15, by a vote of a majority of the entire board. Each director shall be elected to serve until the third succeeding annual meeting of stockholders and until his or her successor shall have been duly elected and qualified, except in the event of death, resignation or removal. A vacancy on the board created by death, resignation, removal (which may only be for cause), or failure of the stockholders to elect the entire class of directors to be elected at any election of directors or for any other reason, may be filled only by an affirmative vote of a majority of the remaining directors then in office, even if less than a quorum, at any special meeting called for that purpose or at any regular meeting of the board of directors.

After the consummation of this offering, we will be a foreign private issuer under the securities laws of the United States and the rules of the NYSE. Under the securities laws of the United States, foreign private issuers are subject to different disclosure requirements than U.S. domiciled registrants, as well as different financial reporting requirements. Under the NYSE rules, a foreign private issuer is subject to less stringent corporate governance requirements. Subject to certain exceptions, the rules of the NYSE permit a foreign private issuer to follow its home country practice in lieu of the listing requirements of the NYSE. In addition, after the consummation of this offering, our current stockholders will continue to control a majority of our outstanding common stock. As a result, we will be a controlled company within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a company of which more than 50% of the voting power is held by another company or group is a controlled company and may elect not to comply with certain NYSE corporate governance requirements, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that the nominating committee be composed entirely of independent directors and have a written charter addressing the committee's purpose and responsibilities,

(3) the requirement that the compensation committee be composed entirely of independent directors and have a written charter addressing the committee's purpose and responsibilities and (4) the requirement of an annual performance evaluation of the nominating and

corporate governance and compensation committees. As permitted by these exemptions, as well as by our bylaws and the laws of the Marshall Islands, we currently intend to have a board of directors with a majority of non-independent directors and intend to have a combined corporate governance, nominating and compensation committee with one or more non-independent directors serving as committee members. As a result, non-independent directors, including members of our management who also serve on our board of directors, may among other things, fix the compensation of our management, make stock and option awards and resolve governance issues regarding our company. In addition, we currently intend to have an audit committee composed solely of two independent committee members, whereas a domestic public company would be required to have three such independent members. Accordingly, in the future you may not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.

Committees of the Board of Directors

Audit Committee

Upon consummation of this offering, our audit committee will consist of Vagn Lehd Møller and Charlotte Stratos. The audit committee is responsible for:

the
appointment,
compensation,
retention and
oversight of
independent
auditors and
approving any
non-audit
services
performed by
such auditor;

assisting the
board in
monitoring the
integrity of our
financial
statements, the
independent
auditors
qualifications
and
independence,
the
performance of
the
independent
accountants
and our
internal audit
function and

our compliance
with legal and
regulatory
requirements;

annually
reviewing an
independent
auditors' report
describing the
auditing firm's
internal
quality-control
procedures,
and any
material issues
raised by the
most recent
internal quality
control review,
or peer review,
of the auditing
firm;

discussing the
annual audited
financial and
quarterly
statements with
management
and the
independent
auditors;

discussing
earnings press
releases, as
well as
financial
information
and earnings
guidance
provided to
analysts and
rating
agencies;

discussing
policies with
respect to risk
assessment and

risk
management;

meeting
separately, and
periodically,
with
management,
internal
auditors and
the
independent
auditor;

reviewing with
the
independent
auditor any
audit problems
or difficulties
and
management's
responses;

setting clear
hiring policies
for employees
or former
employees of
the
independent
auditors;

annually
reviewing the
adequacy of
the audit
committee's
written charter,
the internal
audit charter,
the scope of
the annual
internal audit
plan and the
results of
internal audits;

establishing
procedures for
the

consideration
of all
related-party
transactions,
including
matters
involving
potential
conflicts of
interest or
potential
usurpations of
corporate
opportunities;

reporting
regularly to the
full board of
directors; and

handling such
other matters
that are
specifically
delegated to
the audit
committee by
the board of
directors from
time to time.

Corporate Governance, Nominating and Compensation Committee

Upon consummation of this offering, our corporate governance, nominating and compensation committee will consist of Konstantinos Konstantakopoulos, Vagn Lehd Møller and Charlotte Stratos. The corporate governance, nominating and compensation committee is responsible for:

nominating
candidates,
consistent
with criteria
approved
by the full
board of
directors,
for the
approval of
the full
board of
directors to
fill board

vacancies
as and
when they
arise, as
well as

putting in place
plans for
succession, in
particular, of
the chairman of
the board of
directors and
executive
officers;

selecting, or
recommending
that the full
board of
directors select,
the director
nominees for
the next annual
meeting of
shareholders;

developing and
recommending
to the full
board of
directors
corporate
governance
guidelines
applicable to us
and keeping
such guidelines
under review;

overseeing the
evaluation of
the board and
management;
and

handling such
other matters
that are
specifically
delegated to the
corporate
governance,
nominating and
compensation
committee by
the board of

directors from
time to time.

Codes of Business Conduct and Ethics

Prior to consummation of this offering, the board of directors will approve and adopt a Code of Business Conduct and Ethics for all officers and employees of our company, which incorporates a Code of Ethics for directors and a Code of Conduct for corporate officers, copies of which will be available on our website, <http://www.costamare.com>, and upon written request by our stockholders at no cost.

Employees

Our Manager provides us with our executive officers, our chairman and chief executive officer, Konstantinos Konstantakopoulos, our chief financial officer, Gregory Zikos, and our general counsel and secretary, Konstantinos Zacharatos.

Share Ownership

The common stock beneficially owned by our directors and executive officers and/or entities affiliated with these individuals is disclosed in the section entitled "Principal Stockholders" below.

Employment and Restrictive Covenant Agreement

We have not entered into any employment agreements with our employees.

We have entered into a restrictive covenant agreement with Konstantinos Konstantakopoulos. See "Related Party Transactions" Restrictive Covenant Agreement .

Equity Compensation Plans

We have not adopted any equity compensation plans.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of the date of this prospectus and after giving effect to this offering, by:

each of our executive officers;

each of our directors and director nominees;

all of our executive officers, directors and director nominees as a group; and

each holder known to us to beneficially own more than 5% of our common stock.

As set forth in the table below, members of the Konstantakopoulos family, directly and indirectly, are the beneficial owners of 47,000,000 shares of our common stock, representing 100% of our issued and outstanding shares. Information with respect to the Konstantakopoulos family and their material relationships with us is provided under Related Party Transactions .

Upon completion of this offering, we will have one class of common stock outstanding. Each outstanding share of our common stock will entitle our stockholders to one vote. As of the date of this prospectus, none of the outstanding shares of our common stock were held in the United States.

Identity of Person or Group ⁽¹⁾	Shares of Common Stock Beneficially Held Prior to the Offering		Shares of Common Stock Beneficially Held Following the Offering		Shares of Common Stock Beneficially Held Following Full Exercise of the Over-Allotment Option	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
<i>Officers and Directors</i>						

Konstantinos Konstantakopoulos ⁽²⁾	15,510,000	33.0 %	15,510,000	25.7 %	15,510,000	24.9 %
Gregory Zikos						
Konstantinos Zacharatos						
Vagn Lehd Møller						
Charlotte Stratos						
<i>All officers and directors as a group (five persons)</i>	15,510,000	33.0 %	15,510,000	25.7 %	15,510,000	24.9 %
<i>5% Beneficial Owners</i>						
Christos Konstantakopoulos ⁽³⁾	15,510,000	33.0 %	15,510,000	25.7 %	15,510,000	24.9 %
Achillefs Konstantakopoulos ⁽⁴⁾	15,510,000	33.0 %	15,510,000	25.7 %	15,510,000	24.9 %

(1) The table excludes Vasileios Konstantakopoulos, who owns 470,000 shares of our common stock representing 1.0% of our issued and outstanding shares.

(2) Konstantinos Konstantakopoulos, our chairman and chief executive officer, owns 8,918,250 shares directly and 6,591,750 shares indirectly through Kent Maritime Investments S.A., a Marshall Islands corporation. The address of Kent Maritime Investments S.A. is c/o Costamare Shipping Company S.A., 60 Zephyrou

Street & Syngrou
Avenue, 17564
Athens, Greece.

- (3) Christos
Konstantakopoulos,
the brother of our
chairman and chief
executive officer,
owns 8,918,250
shares directly and
6,591,750 shares
indirectly through
Vasska Maritime
Investments S.A., a
Marshall Islands
corporation. The
address of Vasska
Maritime
Investments S.A. is
c/o Costamare
Shipping Company
S.A., 60 Zephyrou
Street & Syngrou
Avenue, 17564
Athens, Greece.

- (4) Achillefs
Konstantakopoulos,
the brother of our
chairman and chief
executive officer,
owns 8,918,250
shares directly and
6,591,750 shares
indirectly through
Yaco Maritime
Investments S.A., a
Marshall Islands
corporation. The
address of Yaco
Maritime S.A. is c/o
Costamare Shipping
Company S.A., 60
Zephyrou Street &
Syngrou Avenue,
17564 Athens,
Greece.

OUR MANAGERS AND MANAGEMENT-RELATED AGREEMENT

General

Each of our containerships is managed by one or more of three managers, Costamare Shipping, CIEL or Shanghai Costamare, pursuant to one or more management agreements between the Company and the relevant managers. All three managers are controlled by our chairman and chief executive officer.

Management Agreement

Costamare Shipping provides us with general administrative services, certain commercial services, D&O related insurance services and the services of our executive officers pursuant to the Group Management Agreement between Costamare Shipping and us. Costamare Shipping, itself or through Shanghai Costamare and CIEL, provides our fleet of 41 containerships with technical, crewing, commercial, provisions, bunkering, sale and purchase, chartering, accounting, insurance and administrative services pursuant to the Group Management Agreement and separate shipmanagement agreements between each of our containership-owning subsidiaries and Costamare Shipping, and in respect of our containerships flying the Liberian flag, also CIEL. In return for these services, we pay the management fees described below in this section and elsewhere in this prospectus. Our three managers control the selection and employment of seafarers for our containerships, directly through their crewing offices in Athens, Greece and Shanghai, China, and indirectly through our related crewing agent in the Philippines, C-Man Maritime, and independent manning agents in Romania and Bulgaria. Under the Group Management Agreement, Costamare Shipping may subcontract certain of its obligations.

Reporting Structure

Our chairman and chief executive officer and chief financial officer supervise, in conjunction with our board of directors, the management of our operations by Costamare Shipping, CIEL and Shanghai Costamare. Our managers report to us and our board of directors through our chairman and chief executive officer and chief financial officer, each of which is appointed by our board of directors.

Under our Group Management Agreement, our executive officers may unilaterally direct Costamare Shipping to remove and replace any individual serving as an officer or any senior manager serving as head of a business unit of Costamare Inc. or any of its subsidiaries from such position. Costamare Shipping, on the other hand, may not remove any person serving as an officer or senior manager of Costamare Inc. or any of its subsidiaries without the prior written consent of our chief executive officer and chief financial officer.

Limitations on Liability and Indemnification

Pursuant to our Group Management Agreement, liability of our managers to us is limited to instances of gross negligence or willful misconduct on the part of the managers. Further, we are required to indemnify the managers for liabilities incurred by the managers in performance of the Group Management Agreement, except in instances of gross negligence or willful misconduct on the part of the managers.

Compensation of Our Manager

With effect from the consummation of this offering, Costamare Shipping will receive a fee of \$850 per day (\$425 per day in the case of a containership subject to a bareboat charter) for each containership, pro rated for the calendar days we own each containership, for providing us with general administrative services, certain commercial services, director and officer related insurance services and the services of our officers (but not for payment of such officer's compensation) and for providing the relevant containership owning subsidiaries with technical, commercial, insurance, accounting, provisions, sale and purchase, crewing and bunkering services. In the event that Costamare

Shipping decides to delegate certain or all of the services it has agreed to perform, either through subcontracting to CIEL or Shanghai Costamare or by directing CIEL or Shanghai Costamare to enter into a direct

shipmanagement agreement with the relevant containership owning subsidiary, then, in the case of subcontracting, Costamare Shipping will be responsible for paying the management fee charged by the relevant submanager for providing such services and, in the case of a direct shipmanagement agreement, the fee received by Costamare Shipping will be reduced by the fee payable to CIEL or, as the case may be, Shanghai Costamare under the relevant direct shipmanagement agreement. In addition to such fees, we pay for any capital expenditures, financial costs, operating expenses and any general and administrative expenses, including the salaries of our officers and employees and payments to third parties in accordance with the Group Management Agreement and the relevant separate shipmanagement agreements or supervision agreements. We also pay to Costamare Shipping a flat fee of \$700,000 per newbuild vessel for the supervision of the construction of any newbuild vessel for which we may contract. Costamare Shipping also receives a commission of 0.75% on all gross freight, demurrage, charter hire and ballast bonus or other income earned with respect to each containership in our fleet.

The initial term of the Group Management Agreement with Costamare Shipping expires on December 31, 2015. The Group Management Agreement automatically renews for five consecutive one-year periods until December 31, 2020, at which point the Group Management Agreement will expire. The management fee of \$850 per day for each containership is fixed until December 31, 2012 and will thereafter be annually adjusted upwards by 4%, with further annual increases permitted to reflect the strengthening of the Euro against the U.S. dollar and/or material unforeseen cost increases. After the initial term expires on December 31, 2015, we will be able to terminate the Group Management Agreement subject to a termination fee, by providing written notice to Costamare Shipping at least 12 months before the end of the subsequent one-year term.

Term and Termination Rights

Subject to the termination rights described below, the initial term of the Group Management Agreement expires on December 31, 2015. The Group Management Agreement automatically renews for five consecutive one-year periods until December 31, 2020, at which point the agreement will expire. In addition to the termination provisions outlined below, after the initial term expiring on December 31, 2015, we are able to terminate the Group Management Agreement by providing 12 months written notice to Costamare Shipping that we wish to terminate the Group Management Agreement at the end of the then current term.

Our Manager's Termination Rights. Costamare Shipping may terminate the Group Management Agreement prior to the end of its term if:

any moneys
payable by us
under the
Group
Management
Agreement
have not been
paid when
due or if on
demand
within 20
business days
of payment
having been
demanded;

if we
materially
breach the
agreement
and we have
failed to cure
such breach
within 20
business days
after we are
given written
notice from
Costamare
Shipping; or

there is a
change of
control of our
company.

Our Termination Rights. We may terminate the Group Management Agreement prior to the end of its term in the following circumstances:

any moneys
payable by
Costamare
Shipping
under or
pursuant to
the Group
Management
Agreement
are not paid
or accounted
for within 10
business days
after
receiving
written notice
from us;

Costamare
Shipping
materially
breaches the
agreement
and has failed
to cure such
breach within
20 business
days after

receiving
written notice
from us;

there is a
change of
control of
Costamare
Shipping; or

Costamare
Shipping is
convicted of,
enters a plea
of guilty or
nolo
contendere
with respect
to, or enters
into a plea
bargain or
settlement
admitting
guilt for a
crime
(including
fraud), which
conviction,
plea bargain
or settlement
is
demonstrably
and materially
injurious to
our company,
if such crime
is not a
misdemeanor
and such
crime has
been
committed
solely and
directly by an
officer or
director of
Costamare
Shipping
acting within
the terms of
its

employment
or office.

Mutual Termination Rights. Either we or Costamare Shipping may terminate the Group Management Agreement if:

the other party ceases to conduct business, or all or substantially all of the properties or assets of the other party are sold, seized or appropriated which, in the case of seizure or appropriation, is not discharged within 20 business days;

the other party files a petition under any bankruptcy law, makes an assignment for the benefit of its creditors, seeks relief under any law for the protection of debtors or adopts a plan of liquidation, or if a petition is filed against such party seeking to have it declared insolvent or bankrupt and such petition is not dismissed or stayed within 40 business days of its filing, or such party admits in writing its insolvency or its inability to pay its debts as they mature, or if an order is made for

the appointment
of a liquidator,
manager,
receiver or
trustee of such
party of all or a
substantial part
of its assets, or if
an encumbrancer
takes possession
of or a receiver
or trustee is
appointed over
the whole or any
part of such
party's
undertaking,
property or assets
or if an order is
made or a
resolution is
passed for
Costamare
Shipping's or our
winding up;

the other party is
prevented from
performing any
obligations under
the Group
Management
Agreement by
any cause
whatsoever of
any nature or
kind beyond the
reasonable
control of such
party
respectively for a
period of two
consecutive
months or more
(Force Majeure);
or

all supervision
agreements and
all
shipmanagement

agreements are terminated in accordance with their respective terms.

If Costamare Shipping terminates the Group Management Agreement for any reason other than Force Majeure, or if we terminate the Group Management Agreement pursuant to our ability to terminate with 12 months' written notice, we will be obliged to pay to Costamare Shipping a lump sum termination fee which will be determined by reference to the period between the date of termination and December 31, 2020. The termination fee is equal to (a) the lesser of (i) five and (ii) the number of full years remaining prior to December 31, 2020, times (b) the aggregate fees due and payable to Costamare Shipping during the 12-month period ending on the date of termination (without taking into account any reduction in fees to reflect that certain obligations have been delegated to a submanager), *provided* that the termination fee will always be at least two times the aggregate fees over the 12-month period described above. In addition, the individual shipmanagement agreements to which our vessels are subject may be terminated by either us or the applicable manager if the vessel is sold, becomes a total loss or is requisitioned.

Non-competition

Costamare Shipping has agreed that, during the term of the Group Management Agreement, it will not provide any management services to any other entity without obtaining our prior written approval. We believe we will derive significant benefits from our exclusive relationship with Costamare Shipping. The Group Management Agreement does not prohibit CIEL or Shanghai Costamare from providing commercial or technical management services to third parties. In the past, CIEL and Shanghai Costamare have only provided services to third parties on a limited basis and there is no current plan to change that practice.

For a description of our restrictive covenant agreement with Konstantinos Konstantakopoulos, please read [Related Party Transactions Restrictive Covenant Agreement](#).

RELATED PARTY TRANSACTIONS

2008 Reorganization

Costamare Inc. was incorporated on April 21, 2008 for the purpose of completing a reorganization of 53 ship-owning companies then owned by our chief executive officer and other members of the Konstantakopoulos family under a single corporate holding company. Under the Master Sales Agreement (the "MSA") relating to the reorganization, the Konstantakopoulos family agreed to sell shares or vessels of each of the predecessor companies to the Company or to newly formed subsidiaries of the Company. As a result, subsidiaries of the Company acquired 28 vessels and part of their related assets from 28 of the predecessor companies and assumed or repaid related bank debt and other liabilities, and the Company acquired the shares of each of 25 predecessor companies. In return, the Company made distributions to the shareholders of the predecessor companies totaling \$400.0 million (\$269.0 million of which was paid as of December 31, 2008 and \$131.0 million during the period from January 1, 2009 to April 23, 2009). In addition the Company agreed to assume certain guarantees of Costamare Shipping. For more details please refer to Note 1 of our consolidated financial statements included in this prospectus.

Management Related Agreement

For a description of our management agreement, please read "Our Managers and Management-Related Agreement".

Restrictive Covenant Agreement

Under the restrictive covenant agreement entered into with us, during the period of Konstantinos Konstantakopoulos' employment or service with us and for six months thereafter, Konstantinos Konstantakopoulos has agreed to restrictions on his ownership of any containerships and on the acquisition of any shareholding in a business involved in the ownership of containerships (such activities are referred to here as "the restricted activities"), subject to the exceptions described below.

Konstantinos Konstantakopoulos is permitted to engage in the restricted activities in the following circumstances: (a) pursuant to his involvement with us, (b) with respect to certain permitted acquisitions (as described below) and (c) pursuant to his passive ownership of up to 19.99% of the outstanding voting securities of any publicly traded company that is engaged in the containership business.

As noted above, Konstantinos Konstantakopoulos is permitted to engage in restricted activities with respect to two types of permitted acquisitions, including (1) the acquisition of a containership or an acquisition or investment in a containership business, on terms and conditions that are not materially more favorable, than those first offered to us and refused by an independent conflicts committee of our directors, and/or (2) the acquisition of a fleet of ships or of a business that includes containerships. Under this second type of permitted acquisition, we must be given the opportunity to buy the containerships or containership businesses included in the acquisition for its fair market value plus certain break-up costs.

Konstantinos Konstantakopoulos is also permitted to engage in restricted activities with respect to the containership *Reunion*, which he co-owns with a partner and which is not part of the Company's fleet.

Konstantinos Konstantakopoulos has also agreed that if one of our containerships and a containership owned by him are both available and meet the criteria for an available charter, our containership will be offered such charter.

Registration Rights Agreement

We intend to enter into a registration rights agreement prior to the closing of this offering with our existing stockholders, pursuant to which we will grant them and their transferees the right, under certain circumstances and

subject to certain restrictions, including restrictions included in the lock-up agreements to which they will be a party, to require us to register under the Securities Act shares of our common stock held by those persons. Under the registration rights agreement, our existing stockholders

and their transferees will have the right to request us to register the sale of shares held by them on their behalf and may require us to make available shelf registration statements permitting sales of shares into the market from time to time over an extended period. In addition, those persons will have the ability to exercise certain piggyback registration rights in connection with registered offerings initiated by us. Immediately after this offering, our existing stockholders will own a total of 47,000,000 shares entitled to these registration rights, assuming the underwriters do not exercise their overallotment option.

Trademark Licensing Agreement

Under the trademark licensing agreement entered into with us, during the term of our management agreement, Costamare Shipping, one of our managers, has agreed to grant us a non-transferable, royalty free license and right to use the Costamare Inc. trademarks, which consist of the name COSTAMARE and the Costamare logo in connection with the operation of our containership business. We will pay no additional consideration for this license and right. Costamare Shipping retains the right to use the trademarks in its own business or to maintain existing, or grant new, licenses or rights permitting any other person to use the trademarks, provided that in all such cases the use, maintenance or grant must be consistent with the license and right granted to us under the licensing agreement.

Grant of Rights and Issuance of Common Stock

On July 14, 2010, the Company offered all shareholders of record as of the close of business on July 14, 2010 (the Record Date), the right (collectively the Rights) to subscribe for and purchase up to 32 shares of common stock, par value \$0.0001 per share, for each share held by such shareholder as of the Record Date. The subscription price for each share purchased pursuant to the exercise of Rights was \$0.10 per share. For more detail about the Rights offering please refer to Note 16 of our consolidated financial statements included in this prospectus.

Other Transactions

For a description of additional related party transactions, see Note 3 to our consolidated financial statements included elsewhere in this prospectus.

Procedures for Review and Approval of Related Party Transactions

Following the offering, related party transactions, which means transactions in which the Company or one of its subsidiaries is a participant and any of the Company's directors, nominees for director, executive officers, employees, significant stockholders or members of their immediate families (other than immediate family members of employees who are not executive officers) have a direct or indirect interest, will be subject to review and approval or ratification by the board of directors, or an appropriate committee thereof, or evaluated pursuant to procedures established by the board of directors.

Where appropriate, such transactions will be subject to the approval of our independent directors, including appropriate matters arising under our Group Management Agreement and any other agreements with entities controlled by our chairman and chief executive officer.

DESCRIPTION OF INDEBTEDNESS

The following is a summary of certain material provisions of the instruments evidencing our indebtedness.

Our Credit Facilities

As of June 30, 2010, we had an aggregate of \$1,391.5 million of outstanding borrowings and \$74.2 million of available undrawn commitment under various credit agreements to finance general corporate and working capital purposes of Costamare Inc. and its subsidiaries, and part of the purchase price or market value of the vessels owned by such entities. All of these facilities are denominated in U.S. dollars.

Below is a description of certain material terms of our existing credit facilities and one proposed new credit facility. We are also in negotiations for a term loan facility that would provide up to \$210 million to finance part of the pre-delivery and the delivery payments for three 9,000 TEU newbuilds for which we have executed contracts, each newbuild contract being subject to a financing condition. The \$210 million term loan facility is expected to have a repayment period of 10 years from delivery of each newbuild, with lenders reserving the right to request prepayment of the facility on the seventh year. The financial and other covenants and events of default under each credit facility are similar and are summarized together below under **Covenants and Events of Default**. See also **Management's Discussion and Analysis of Financial Condition and Results of Operations - Credit Facilities** for additional information with respect to our credit facilities.

Proposed New \$120.0 Million Term Loan

On September 16, 2010, Costamare Inc., as potential borrower, obtained a commitment letter from The Royal Bank of Scotland plc for a \$120.0 million term loan facility, which will be available for drawing for up to 18 months. We intend to use this term loan facility to finance the acquisition of additional newbuild or secondhand containerships, but we are also permitted to use it to refinance existing containerships in our fleet. The loans will have maturities ranging from three to eight years. Availability of the term loan facility is subject to execution of definitive documentation and is conditioned upon the closing of this offering.

The obligations under the proposed term loan facility will be guaranteed by the various owners of the mortgaged vessels. Our obligations under this proposed term loan facility will be secured by, among other things, mortgages over each financed vessel, and general assignments of earnings, insurances and requisition compensation, account charges, and charterparty assignments.

Costamare

On July 22, 2008, Costamare Inc., as borrower, entered into a ten-year, \$1 billion credit facility comprised of a \$700 million term loan facility and a \$300 million revolving credit facility. The purpose of the revolving credit facility was to finance part of the acquisition costs of vessels to be acquired or part of the market value of vessels owned by our subsidiaries. The purpose of the term loan facility was to finance general corporate and working capital purposes. On June 22, 2010, we entered into the second supplemental agreement with the lenders, which modified certain covenants (as detailed below). As of June 30, 2010, there was \$863.8 million outstanding under the Costamare credit facility, and, as of same date, there was \$74.2 million of undrawn available credit. For more details please refer to Note 16 of our consolidated financial statements included in this prospectus.

The interest rate under the Costamare credit facility is LIBOR plus an agreed margin. The Costamare credit facility provides for repayment by forty consecutive quarterly installments, the first four (1-4) in the amount of \$6.5 million and the next eight (5-12) in the amount of \$9 million. The final twenty-eight (13-40) installments, and the balloon installment repayable together with the fortieth (40th) installment, are to be calculated by using a formula that takes into account the then outstanding amount of this facility and the TEU weighted age of the mortgaged vessels.

The obligations under the Costamare credit facility are guaranteed by the various owners of the mortgaged vessels. Our obligations under this credit facility are secured by mortgages over the vessels owned by our subsidiaries, who are the guarantors, and general assignments of earnings, insurances and requisition compensation, account pledges, and charterparty assignments.

Alpha-Montes

On December 7, 2007, our subsidiaries, Montes Shipping Co. and Kelsen Shipping Co., as joint and several borrowers, entered into a ten-year, \$150 million credit facility with Alpha Bank A.E., which we refer to in this section as the Alpha-Montes credit facility. The loan is divided into two tranches: Tranche A in the amount of \$75 million to Montes Shipping Co., and Tranche B in the amount of \$75 million to Kelsen Shipping Co. The purpose of this facility was to finance part of the acquisition costs of two vessels, the *Maersk Kawasaki* and the *Maersk Kure*. As of June 30, 2010, there was \$65 million outstanding under each of Tranche A and Tranche B, of the Alpha-Montes credit facility, and, as of same date, there was no undrawn available credit.

The interest rate under the Alpha-Montes credit facility is LIBOR plus an agreed margin. The Alpha-Montes credit facility provides that our subsidiaries must repay the loan, jointly and severally, by twenty consecutive semi-annual payments, the first six (1-6) in the amount of \$4 million each, the next thirteen (7-19) in the amount of \$6 million each, and the twentieth (20th) installment comprised of a \$6 million payment together with a balloon payment in the amount of \$42 million.

The obligations under the Alpha-Montes credit facility are guaranteed by Costamare Inc. Our obligations are secured by first priority mortgages over the vessels, the *Maersk Kawasaki* and the *Maersk Kure*, general assignments of earnings, insurances, requisition compensation, and charterparty assignments.

Alpha-Lang

On September 3, 2008, our subsidiary, Lang Shipping Co., as borrower, entered into a two-year, \$10.45 million credit facility with Alpha Bank A.E., which we refer to in this section as the Alpha-Lang credit facility. The purpose of this facility was to provide our subsidiary with corporate liquidity. As of June 30, 2010, there was \$4.9 million outstanding under the Alpha-Lang credit facility, and, as of same date, there was no undrawn available credit.

The interest rate under the Alpha-Lang credit facility is LIBOR plus an agreed margin. The Alpha-Lang credit facility provides that Lang Shipping Co. must repay the loan by three consecutive semi-annual installments, each in the amount of \$1.85 million, plus a balloon payment together with the third consecutive semi-annual installment in the amount of \$4.9 million. The balloon payment installment has been extended to November 18, 2010, and may be further extended at the bank's discretion for two consecutive one-year periods.

The obligations under the Alpha-Lang credit facility are guaranteed by Costamare Inc. Our obligations under the Alpha-Lang credit facility are secured by a first priority mortgage over the vessel *Hyundai Challenger*, and a general assignment of earnings, insurances and requisition compensation.

Calyon-Bulow

On February 17, 2005, our subsidiary, Bulow Investments Inc., as borrower, entered into an eight-year, \$31 million credit facility with Calyon, which we refer to in this section as the Calyon-Bulow credit facility. The purpose of this facility was to finance part of the acquisition cost of a previously acquired vessel, the *MSC Mykonos*. As of June 30, 2010, there was \$8 million outstanding under the Calyon-Bulow credit facility, and, as of same date, there was no undrawn available credit.

The interest rate under the Calyon-Bulow credit facility is LIBOR plus an agreed margin. The credit facility provides that Bulow Investments Inc. must repay the loan by sixteen consecutive semi-annual installments, the first six (1-6) in the amount of \$2.5 million each, the next four (7-10) in the amount of \$2 million each, the next four (11-14) in the amount of \$1.5 million, and the final two (15-16) in the amount of \$1 million.

The obligations under the Calyon-Bullow credit facility are guaranteed by Costamare Inc. Our obligations under the Calyon-Bullow credit facility are secured by a first priority mortgage over the vessel, *MSC Mykonos*, an account pledge and a general assignment of earnings, insurances and requisition compensation.

Calyon-Capetanissa

On June 29, 2006, our subsidiary Capetanissa Maritime Corporation, as borrower, entered into a twelve-year, \$90 million credit facility with Calyon, which we refer to in this section as the Calyon-Capetanissa credit facility. The purpose of this facility was to finance part of the acquisition and collateral cost of a vessel, the *Cosco Beijing*. As of June 30, 2010, there was \$72.5 million outstanding under the Calyon-Capetanissa credit facility, and, as of same date, there was no undrawn available credit.

The interest rate under the Calyon-Capetanissa credit facility is LIBOR plus an agreed margin. The Calyon-Capetanissa credit facility provides that Capetanissa Maritime Corporation must repay the loan by twenty-three consecutive semi-annual installments in the amount of \$2.5 million, and a final twenty-fourth installment in the amount of \$32.5 million.

The obligations under the Calyon-Capetanissa credit facility are guaranteed by Costamare Inc. Our obligations under the Calyon-Capetanissa credit facility are secured by a first-priority mortgage over the vessel, *Cosco Beijing*, an account pledge, and a general assignment of earnings, insurances, requisition compensation and charterparty rights.

Calyon-Marathos

On June 29, 2006, our subsidiary, Marathos Shipping Inc., as borrower, entered into a seven-year, \$24.8 million credit facility with Calyon, which we refer to in this section as the Calyon-Marathos credit facility. The purpose of this facility was to finance part of the acquisition and collateral cost of a vessel, the *MSC Mandraki*. As of June 30, 2010, there was \$11.4 million outstanding under the Calyon-Marathos credit facility, and, as of same date, there was no undrawn available credit.

The interest rate under the Calyon-Marathos credit facility is LIBOR plus an agreed margin. The repayment period began on February 22, 2007 and consists of thirteen consecutive semi-annual repayment installments in the amount of \$2 million for the first (1st) repayment installment and \$1.9 million each for the final twelve (2-13) repayment installments.

The obligations under the Calyon-Marathos credit facility are guaranteed by Costamare Inc. Our obligations under the Calyon-Marathos credit facility are secured by a first-priority mortgage over the vessel, *MSC Mandraki*, an account pledge, a general assignment of earnings, insurances, requisition compensation and charterparty rights.

Emporiki-Costis

On May 12, 2008, our subsidiaries, Christos Maritime Corporation and Costis Maritime Corporation, as joint and several borrowers, entered into a ten-year, \$150 million credit facility with Emporiki Bank of Greece S.A., which we refer to in this section as the Emporiki-Costis credit facility. The loan is divided into two tranches: a Tranche A loan in the amount of \$75 million to Christos Maritime Corporation, and a Tranche B loan in the amount of \$75 million to Costis Maritime Corporation. The purpose of this facil