

Seaspn CORP
Form 424B5
August 04, 2016
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Registration No. 333-211545

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

SUBJECT TO COMPLETION, DATED AUGUST 4, 2016

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 23, 2016)

Shares

Seaspn Corporation

% Series H Cumulative Redeemable Perpetual

Preferred Shares

(Liquidation Preference \$25 Per Share)

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

Dividends on the Series H Preferred Shares will be cumulative from the date of original issue and will be payable quarterly in arrears on the 30th day of January, April, July and October of each year, when, as and if declared by our board of directors. The initial dividend on the Series H Preferred Shares offered hereby will be payable on October 30, 2016. Dividends will be payable out of amounts legally available therefor at an initial rate equal to _____ % per annum of the stated liquidation preference.

At any time on or after August _____, 2021, the Series H Preferred Shares may be redeemed, in whole or in part, out of amounts legally available therefor, at a redemption price of \$25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared.

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

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

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

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

(1) We have granted the underwriters an option for a period of 30 days to purchase up to an additional Series H Preferred Shares. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be \$, and total proceeds to us before expenses will be \$. Delivery of the Series H Preferred Shares is expected to be made in book entry form through the facilities of The Depository Trust Company on or about August , 2016.

Joint Book-Running Managers

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

Co-Managers

Janney Montgomery Scott BB&T Capital Markets Ladenburg Thalmann Wunderlich FBR Incapital
August , 2016

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

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

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

References to shipbuilders are as follows:

SHIPBUILDER

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

References to customers are as follows:

CUSTOMER

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

REFERENCE

CSBC
New Jiangsu
Jiangsu Xinfu
HHIC

REFERENCE

CSCL Asia
COSCON
Hanjin
Hapag-Lloyd
HL USA
K-Line
Maersk
MSC
MOL

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

Yang Ming Marine
ZIM

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

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This summary highlights important information contained elsewhere in this prospectus supplement and the accompanying base prospectus. You should carefully read this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference to understand fully our business and the terms of our Series H Preferred Shares, as well as tax and other considerations that are important to you in making your investment decision. You should consider carefully the Risk Factors section beginning on page S-14 of this prospectus supplement and on page 3 of the accompanying base prospectus to determine whether an investment in our Series H Preferred Shares is appropriate for you. Unless otherwise indicated, all references in this prospectus supplement to dollars and \$ are to, and amounts are presented in, U.S. Dollars, and financial information presented in this prospectus supplement is prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP.

Our Company

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

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

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

New Vessel Contracts

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

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

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

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

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

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

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

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

Market Opportunity

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

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

We may seek to undertake additional acquisitions of high-quality newbuilding or secondhand vessels through asset or business acquisitions, and we regularly consider potential opportunities. In evaluating these opportunities, we consider, among other things, the size of the vessels and the tenor of the related time charters relative to those in our existing fleet. We anticipate that we would fund the purchase price for any secondhand vessels we may acquire

primarily through the assumption of debt, with the balance funded through borrowings under our existing credit facilities, cash, other financings or a combination thereof. There is no assurance that we will be able to acquire any of the containerships opportunities we are evaluating.

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Our Competitive Strengths

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

Scale, Diversity and Quality of Our Fleet. We are the largest independent charter owner and manager of containerships and believe that the size of our fleet appeals to our customers and provides us cost savings through volume purchases and leverage in negotiating newbuilding contracts and accessing shipyard berths. Our operating fleet of 89 containerships has an average age of approximately six years, on a TEU-weighted basis, which is significantly below the industry average of approximately eight years. Our newbuilding containerships are also subject to our high standards for design, construction quality and maintenance. The vessels in our current operating fleet range in size from 2500 TEU to 14000 TEU, and our 14000 TEU containerships are among the largest containerships in operation. All of our newbuilding containerships under construction are 10000 TEU, 11000 TEU and 14000 TEU containerships.

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

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

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

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

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constituents in the containership industry, including container liner companies, shipbuilders and shipping banks, will enable us to continue sourcing newbuilding and secondhand vessel acquisition opportunities at terms attractive to us.

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

Our Business Strategies

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

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

Expanding and Diversifying Our Customer Relationships. Since our IPO, we have increased our customer base from two to 11 customers and have expanded our revenue from existing customers. We intend to continue to expand our existing customer relationships and to add new customers to the extent container liner companies increase their use of chartered-in vessels to add capacity in their existing trade routes and establish new trade routes. We believe we are well positioned to secure new chartering business from existing and potential new customers due to our experience in ship design and construction supervision and our reputation for high quality operations.

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

Maintaining Efficient Capital Structure and Diversified Sources of Capital. We intend to pursue a financial strategy that aims to preserve our financial flexibility and achieve a low cost of capital so that we may take

advantage of acquisition and expansion opportunities in the future while also meeting our existing obligations. We operate a capital-intensive business. We believe that our ability to access new and innovative sources of capital from a broad range of capital providers has provided a competitive advantage for us.

An investment in our Series H Preferred Shares involves risks. Our growth depends on our ability to make accretive vessel acquisitions, expand existing and develop new relationships with charterers and obtain new charters. Substantial competition may hinder achievement of our business strategy. Our growth also depends upon continued growth in demand for containerships. A reduction in demand for containerships, increased

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

Greater China Intermodal Investments LLC

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

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

Recent Developments

Potential Acquisition of Greater China Intermodal Investments LLC

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

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

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

vessel-related debt and remaining newbuilding obligations.

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

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

Hanjin Shipping Restructuring

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

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

Corporate Information

We are a Marshall Islands corporation incorporated on May 3, 2005. We maintain our principal executive offices at Unit 2, 2nd Floor, Bupa Centre, 141 Connaught Road West, Hong Kong, China. Our telephone number is (852) 2540-1686. We maintain a website at www.seaspancorp.com. The information on our website is not part of this prospectus, and you should rely only on the information contained in this prospectus and the documents we

incorporate by reference herein when making a decision as to whether to invest in our Series H Preferred Shares.

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THE OFFERING

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

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

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

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

No dividend may be declared or paid or set apart for payment on any Junior Securities (other than a dividend payable solely in shares of Junior Securities) unless (a) full cumulative dividends have been or contemporaneously are being paid or provided for on all outstanding Series H Preferred Shares and any Parity Securities (including the Series D, Series E, Series F and Series G preferred shares) through the most recent respective dividend payment dates and (b) we are in compliance with the Net Worth to Preferred Stock Ratio described in Description of Series H Preferred Shares Net Worth Covenant. Accumulated dividends in arrears for any past dividend period may be declared by our board of directors and paid on any date fixed by our board of directors, whether or not a Dividend Payment Date, to holders of the Series H Preferred Shares on the record date for such payment, which may not be more than 60 days, nor less than 15 days, before such payment date. Subject to the next succeeding sentence, if all accumulated dividends in arrears on all outstanding Series H Shares and any Parity Securities (including the Series D, Series E, Series F and Series G preferred shares) have not been declared and paid, or sufficient funds for the payment thereof have not been set apart, payment of accumulated dividends in arrears will be made in order of their respective dividend payment dates, commencing with the earliest. If less than all dividends payable with respect to all Series H Preferred Shares and any Parity Securities (including the Series D, Series E, Series F and Series G preferred shares) are paid, any partial payment will be made pro rata with respect to the Series H Preferred Shares and any Parity Securities (including the Series D, Series E, Series F and Series G preferred shares) entitled to a dividend payment at such time in proportion to the aggregate amounts remaining due in respect of such shares at such time. Holders of the Series H Preferred Shares will not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends.

Optional Redemption

At any time on or after August 1, 2021, we may redeem, in whole or in part, the Series H Preferred Shares at a redemption price of \$25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. Any such redemption would be effected only out of funds legally available for such purpose. We must provide not less than 15 days and not more than 60 days written notice of any such redemption.

Voting Rights

Holders of the Series H Preferred Shares generally have no voting rights. However, if and whenever dividends payable on the Series H

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Preferred Shares are in arrears for six or more quarterly periods, whether or not consecutive, holders of the Series H Preferred Shares (voting together as a class with all other classes or series of Parity Securities upon which like voting rights have been conferred and are exercisable, including holders of our Series D, Series E and Series G preferred shares) will be entitled to elect one additional director to serve on our board of directors, and the size of our board of directors will be increased as needed to accommodate such change (unless the size of our board of directors already has been increased by reason of the election of a director by holders of Parity Securities upon which like voting rights have been conferred and with which the Series H Preferred Shares voted as a class for the election of such director). The right of such holders of Series H Preferred Shares to elect a member of our board of directors will continue until such time as all accumulated and unpaid dividends on the Series H Preferred Shares have been paid in full.

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

In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series H Preferred Shares, voting as a class together with holders of any other Parity Securities upon which like voting rights have been conferred and are exercisable (including holders of our Series D, Series E, Series F and Series G preferred shares), we may not (a) issue any Parity Securities if the cumulative dividends payable on outstanding Series H Preferred Shares are in arrears or (b) create or issue any Senior Securities.

Net Worth Covenant

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

For a description of this ratio and for related defined terms, please read Description of Series H Preferred Shares Net Worth Covenant.

Fixed Liquidation Price

In the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, holders of the Series H Preferred Shares will have the right to receive the liquidation preference of \$25.00

per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of payment, whether or not declared, before any payments are made to holders of our common stock or any other Junior Securities.

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Sinking Fund

The Series H Preferred Shares are not subject to any sinking fund requirements.

Use of Proceeds

We intend to use the net proceeds of the sale of the Series H Preferred Shares, which are expected to total approximately \$ million (or approximately \$ million if the underwriters exercise in full their option to purchase additional shares), for general corporate purposes, which may include funding acquisitions (which may include equity interests in GCI or assets of GCI), funding capital expenditures on existing newbuild vessels and debt repayments. Please read Use of Proceeds.

Ratings

The securities will not be rated by any nationally recognized statistical rating organization.

Listing

We intend to file an application to list the Series H Preferred Shares on The New York Stock Exchange, or NYSE. If the application is approved, trading of the Series H Preferred Shares on NYSE is expected to begin within 30 days after the original issue date of the Series H Preferred Shares. The underwriters have advised us that they intend to make a market in the Series H Preferred Shares prior to commencement of any trading on NYSE. However, the underwriters will have no obligation to do so, and no assurance can be given that a market for the Series H Preferred Shares will develop prior to commencement of trading on NYSE or, if developed, will be maintained.

Tax Considerations

We believe that all or a portion of the distributions you would receive from us with respect to your Series H Preferred Shares would constitute dividends. If you are an individual citizen or resident of the United States or a U.S. estate or trust and meet certain holding period requirements, such dividends would be expected to be taxable as qualified dividend income that is taxable at preferential capital gains tax rates. Any portion of your distribution that is not treated as a dividend will be treated first as a non-taxable return of capital to the extent of your tax basis in your Series H Preferred Shares and, thereafter, as capital gain. In addition, there are other tax matters you should consider before investing in the Series H Preferred Shares, including our tax status as a non-U.S. issuer. Please read Material United States Federal Income Tax Considerations, Non-United States Tax Considerations and Risk Factors Tax Risks.

Form

The Series H Preferred Shares will be issued and maintained only in book-entry form registered in the name of the nominee of The

Depository Trust Company, or DTC, except under limited circumstances.

Settlement

Delivery of the Series H Preferred Shares offered hereby will be made against payment therefor on or about August , 2016.

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Risk Factors

An investment in our Series H Preferred Shares involves risks. You should consider carefully the factors set forth in the section of this prospectus entitled "Risk Factors" beginning on page S-14 of this prospectus supplement and on page 3 of the accompanying base prospectus to determine whether an investment in our Series H Preferred Shares is appropriate for you.

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

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

The historical consolidated financial data as at December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 is derived from our audited consolidated financial statements and the notes thereto, which are contained in our Annual Report on Form 20-F for the year ended December 31, 2015, filed with the Securities and Exchange Commission, or the SEC, on March 10, 2016, and incorporated by reference into this prospectus.

The historical consolidated financial data as at December 31, 2013 is derived from our audited consolidated financial statements and the notes thereto, which are contained in our Annual Report on Form 20-F for the year ended December 31, 2014, filed with the SEC on March 10, 2015.

The historical consolidated financial data as at and for the six months ended June 30, 2016 and 2015 is derived from our unaudited interim consolidated financial statements and the notes thereto, which are contained in our Report on Form 6-K filed with the SEC on July 27, 2016 and July 31, 2015, and incorporated by reference into this prospectus.

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

	Year Ended December 31,			Six Months Ended	
	2013	2014	2015	2015	June 30, 2016
Statements of operations data (in thousands of dollars):	 				