INSIGNIA SYSTEMS INC/MN
Form 4
April 03, 2015

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
AIR T INC

(Last) (First) (Middle)

P O BOX 488

(Street)

DENVER, NC 28037

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
INSIGNIA SYSTEMS INC/MN [ISIG]

3. Date of Earliest Transaction (Month/Day/Year)
03/31/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director __X__ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/31/2015		P		2,800	A	$ 2.9724 (2)	1,397,884	D (1)	
Common Stock	04/01/2015		P		2,000	A	$ 2.9842 (3)	1,399,884	D (1)	
Common Stock	04/02/2015		P		1,200	A	$ 2.995 (4)	1,401,084	D (1)	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not

SEC 1474 (9-02)

required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
AIR T INC P O BOX 488 DENVER, NC 28037		X		

Signatures

'/s/Candice L. Otey, Chief Financial Officer, Secretary, & Treasurer	04/03/2015
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The Reporting Person may be deemed to be a member of a Section 13(d) group disclosed in a Schedule 13D filed on behalf of the Reporting Person and the other members of such group on August 18, 2014. The Reporting Persons disclaims beneficial ownership of the shares of Common Stock held by the other members of this Section 13(d) group except to the extent of its pecuniary interest therein. The securities reported herein do not include any securities held by the other members of this Section 13(d) group, as such shares have been reported in a separate form filing under Section 16.

(2) The price in Column 4 is a weighted average price. The prices actually paid ranged from $2.95 to $2.99. The reporting person has provided to the issuer, and will provide to any security holder of the issuer, or the SEC staff, upon request, information regarding the number of shares purchased at each price within the range for all transactions reported in this Form 4 utilizing an average weighted price.

(3) The price in Column 4 is a weighted average price. The prices actually paid ranged from $2.94 to $3.00. The reporting person has provided to the issuer, and will provide to any security holder of the issuer, or the SEC staff, upon request, information regarding the number of shares purchased at each price within the range for all transactions reported in this Form 4 utilizing an average weighted price.

(4) The price in Column 4 is a weighted average price. The prices actually paid ranged from $2.98 to $3.00. The reporting person has provided to the issuer, and will provide to any security holder of the issuer, or the SEC staff, upon request, information regarding the number of shares purchased at each price within the range for all transactions reported in this Form 4 utilizing an average weighted price.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. measured at amortized cost, less impairment. The amortized cost is adjusted for amortization of premiums and accretion of discounts to maturity. Management evaluates debt securities held-to-maturity for other than temporary impairment at each reporting date. In evaluating whether a decline in value is other than temporary, the Company

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considers several factors including, but not limited, to the following: (i) the extent of the duration of the decline; (ii) the reasons for the decline in value and (iii) the financial condition of and near-term prospects of the issuer. An investment in debt or equity securities is considered impaired if the fair value of the investment is less than its carrying value, in which case, the Company recognizes in earnings an impairment loss equal to the difference between their carrying value and their fair value.

Equity securities with no readily determinable fair value, which relate to an entity in which the Company does not have the ability to exercise significant influence, are accounted for pursuant to the provisions of ASC 325-20 Investments - Other Cost Method Investments . The Company initially recognizes such equity securities at cost. Subsequently, any dividends distributed by the investee to the Company are recognized as income when received, but only to the extent they represent net accumulated earnings of the investee since the Company s initial recognition of the investment. Net accumulated earnings are recognized as income by the Company only if they are distributed to the investor as dividends. Any dividends received in excess of net accumulated earnings are recognized as a reduction in the carrying amount of the investment. Management evaluates the equity securities for other-than-temporary-impairment at each reporting date. An investment in cost method equity securities is considered impaired if the fair value of the investment is less than its carrying value, in which case the Company recognizes in earnings an impairment loss equal to the difference between their carrying value and their fair value. Consideration is given to significant deterioration in the earnings performance, or business prospects of the investee, significant adverse change in the regulatory, economic, or technological environment of the investee, significant adverse change in the general market condition in which the investee operates, as well as factors that raise significant concerns about the investee s ability to continue as a going concern.

New accounting pronouncements

Revenue from Contracts with Customers: The FASB and the International Accounting Standards Board (IASB) (collectively, the Boards) jointly issued a standard that will supersede virtually all of the existing revenue recognition guidance in U.S. GAAP and International Financial Reporting Standards and is effective for annual periods beginning on or after January 1, 2017. The standard establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard s requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity s ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. Management is in the process of assessing the impact of the new standard on the Company s financial position and performance.

Going Concern: In August 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-15 Presentation of Financial Statements - Going Concern. ASU 2014-15 provides guidance about management s responsibility to evaluate whether there is substantial doubt about an entity s ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 requires an entity s management to evaluate at each reporting period based on the relevant conditions and events that are known at the date the financial statements are issued, whether there are conditions or events that raise substantial doubt about the entity s ability to continue as a going concern within one year after the date that the financial statements are issued and to disclose the necessary information. ASU 2014-15 is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter.

Early application is permitted.

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3. Transactions with Related Parties:

(a)* Costamare Shipping Company S.A.** ***(the Manager or Costamare Shipping): Costamare Shipping is a ship management company wholly-owned by Mr. Konstantinos Konstantakopoulos, the Company s Chief Executive Officer and, as such, is not part of the consolidated group of the Company, but is a related party. Costamare Shipping provides the Company with general administrative services, certain commercial services, director and officer related insurance services and the services of the Company s officers.

Costamare Shipping, itself or through Shanghai Costamare Ship Management Co., Ltd. (Shanghai Costamare), which is also controlled by Mr. Konstantakopoulos, or through or together with a third party sub-manager, provides technical, crewing, commercial, provisioning, bunkering, sale and purchase, chartering, accounting, insurance and administrative services in exchange for a daily fee for each containership. Up to April 2013, Costamare Shipping also provided such services through Ciel Shipmanagement S.A. (CIEL), another company controlled by Mr. Konstantakopoulos. We refer to Costamare Shipping and Shanghai Costamare and, up to April 2013, CIEL as the Company s affiliated managers .

Pursuant to the management agreement, in 2014 Costamare Shipping received a daily fee for each containership as follows: (i) for each containership (subject to any charter other than a bareboat charter) it received a daily fee of $0.919 since January 1, 2014 ($0.884 for 2013 and $0.850 for 2012), prorated for the calendar days the Company owned each containership and for the three-month period following the date of the sale of a vessel and (ii) for each containership subject to a bareboat charter it received a daily fee of $0.460 since January 1, 2014 ($0.442 for 2013 and $0.425 for 2012), prorated for the calendar days the Company owned each containership and for the three-month period following the date of the sale of a vessel.

The Company also paid to Costamare Shipping (i) a flat fee of $700 for the supervision of the construction of any newbuild vessel contracted by the Company, which flat fee may be annually adjusted upwards to reflect any strengthening of the Euro against the U.S. dollar and/or material unforeseen cost increases, and (ii) a fee of 0.75% on all gross freight, demurrage, charter hire, ballast bonus or other income earned with respect to each containership in the Company s fleet.

The initial term of the management agreement expires on December 31, 2015 (Note 22(c)) and will be automatically extended in additional one-year increments until December 31, 2020, at which point it will expire. The daily management fee for each containership was fixed until December 31, 2012 and was thereafter annually adjusted upwards through 2014 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 which expires on December 31, 2015, the Company will be able to terminate the 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; provided that the termination fee will always be at least two times the aggregate fees over the 12-month period described above.

On January 7, 2013, Costamare Shipping entered into a co-operation agreement (the Co-operation Agreement) with third-party ship managers V.Ships Greece Ltd. (V.Ships Greece), pursuant to which the two companies established a ship management cell (the Cell) under V.Ships Greece. Since April 2013, the Cell provides technical, crewing, provisioning, bunkering, sale and purchase and accounting services, as well as certain commercial and insurance services to certain of the Company s container vessels (including all container vessels previously managed by CIEL), pursuant to separate management agreements entered into between V.Ships Greece and the ship-

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owning company of the respective container vessel, for a daily management fee. Costamare Shipping remains the head manager for all vessels owned by the Company.

The Cell also offers ship management services to third-party owners. Costamare Shipping passes to the Company the net profit, if any, it receives pursuant to the Co-operation Agreement as a refund or reduction of the management fees payable by the Company to Costamare Shipping under the Group Management Agreement. The net profits earned during the year ended December 31, 2014, amounted to $392 and is included as a reduction in management fees related parties in the accompanying 2014 consolidated statement of income. As at December 31, 2014, the Cell provided technical, crewing, provisioning, bunkering, sale and purchase and accounting services, as well as certain commercial management services to 19 of Costamare s vessels.

Management fees charged by the Manager in the years ended December 31, 2012, 2013 and 2014, amounted to $12,208, $15,570 and $18,642, respectively and are included in Management fees-related parties in the accompanying consolidated statements of income. In addition, the Manager charged (i) $3,629 for the year ended December 31, 2014 ($3,139 for the year ended December 31, 2013 and $2,873 for the year ended December 31, 2012), representing a fee of 0.75% on all gross revenues, as provided in the management agreements with each subsidiary, which is separately reflected as Voyage expenses-related parties in the accompanying consolidated statements of income for the years ended December 31, 2012, 2013 and 2014, respectively, (ii) $1,000 for the services of the Company s officers in aggregate, which is included in General and administrative expenses in the accompanying consolidated statements of income for the year ended December 31, 2014 ($1,000 for the year ended December 31, 2013 and $1,000 for the year ended December 31, 2012) and (iii) $1,050 supervision fees for three newbuild vessels, which were delivered during the year ended December 31, 2014 ($2,450 for seven newbuild vessels which were delivered during the year ended December 31, 2013). Furthermore, in accordance with the management agreement with V.Ships Greece, V.Ships Greece has been provided with the amount of $1,425 ($75 per vessel) as working capital security, which is included in Accounts receivable, non-current, in the accompanying 2014 consolidated balance sheet ($1,350 for the year ended December 31, 2013).

During the years ended December 31, 2014 and 2013, the Manager charged in aggregate to the companies established pursuant to the Framework Agreement (Notes 9 and 10) the amount of $1,572 and $1,070, respectively, for services provided in accordance with the respective management agreements.

The balance due from the Manager at December 31, 2013 and 2014 amounted to $2,076 and $576, which are included in Due from related parties in the accompanying 2013 consolidated balance sheet and Due to related parties in the accompanying 2014 consolidated balance sheet, respectively.

(b) Ciel Shipmanagement S.A.: CIEL, a company incorporated in the Republic of Liberia, is wholly-owned, effective November 30, 2012, by Mr. Konstantinos Konstantakopoulos, the Company s Chairman and Chief Executive Officer (prior to November 30, 2012, Mr. Konstantinos Konstantakopoulos owned 50.2% and Mr. Dimitrios Lemonidis owned 49.8% of CIEL). CIEL was not part of the consolidated group of the Company but was an affiliated manager up to April 2013. CIEL, up to April 2013, provided the Company s vessels certain ship management services such as technical support and maintenance, financial and accounting services, under separate management agreements signed between CIEL and each ship-owning company, in exchange for a daily fixed fee of $0.600 per vessel. CIEL specialized, although not exclusively, in managing containerships of up to 3,500 TEU. For the period from April 28, 2013 to December 31, 2013 and for the year ended December 31, 2014, CIEL did not provide technical, crewing, provisioning, bunkering, sale and purchase and accounting services, or other commercial services, to any of the Company s containerships. CIEL is currently providing services in respect of the *Rena*. Management fees charged by CIEL in the years ended December 31, 2012, 2013 and 2014, amounted to $2,963, $1,010 and $219, respectively and are included in Management fees-related parties in the accompanying

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consolidated statements of income. The balance due from CIEL at December 31, 2013 and 2014, amounted to $603 and $593, respectively and is included in Due from related parties in the accompanying consolidated balance sheets.

(c) Shanghai Costamare Ship Management Co. Ltd.: Shanghai Costamare is owned (indirectly) 70% by the Company s Chairman and Chief Executive Officer and 30% (indirectly) by Shanghai Costamare s General Manager, Mr. Shen Xiao Dong. Shanghai Costamare is a company incorporated in the Peoples Republic of China in September 2004 and is not part of the consolidated group of the Company but is an affiliated manager. The technical, crewing, provisioning, bunkering, sale and purchase and accounting services, as well as certain commercial services of certain of the Company s vessels have been subcontracted from the Manager to Shanghai Costamare. As of December 31, 2014, Shanghai Costamare provided such services to eleven (nine as of December 31, 2013) of the Company s containerships. There was no balance due from/to Shanghai Costamare at both December 31, 2013 and 2014.

4. Other non-current assets:

As of July 16, 2014, Zim Integrated Services (Zim) and its creditors including vessel and container lenders, ship-owners, shipyards, unsecured lenders and bond holders, entered into definitive documentation to restructure its debt. Based on this agreement, the Company received equity securities representing 1.2% of Zim s equity and $8,229 aggregate principal amount of unsecured interest bearing Zim notes maturing in 2023 consisting of $1,452 of 3.0% Series 1 Notes due 2023 amortizing subject to available cash flow in accordance with a corporate mechanism and $6,777 of 5.0% Series 2 Notes due 2023 non-amortizing (of the 5% interest, 3% is payable quarterly in cash and 2% interest is accrued quarterly with deferred cash payment on maturity) in exchange for amounts owed by Zim to the Company under their charter agreements. The Company calculated the fair value of the instruments received by Zim based on the agreement discussed above, available information on Zim, other similar contracts with similar terms, maturities and interest rates, and recorded at fair value $676 in relation to the Series 1 Notes, $3,567 in relation to the Series 2 Notes and $7,802 in relation to its equity participation in Zim. The difference between the aggregate fair value of the debt and equity securities received from Zim and the then net carrying value of the amounts due from Zim of $2,888 was written-off and is included in General and administrative expenses in the accompanying 2014 consolidated statement of income.

On a quarterly basis, the Company will account for the fair value unwinding of the Series 1 and Series 2 Notes, until the book value of the instruments equals their face value on maturity. The Company recorded $20 in relation to their fair value unwinding, which is included in Interest income in the consolidated statement of income for the year ended December 31, 2014. The Company has classified such debt and equity securities under other non-current assets, since it has no intention to sell the securities in the near term. The Series 1 and Series 2 Zim Notes are carried at amortized cost in the accompanying consolidated balance sheet as at December 31, 2014, which approximates their fair value as of such date. These financial instruments are not measured at fair value on a recurring basis. As of December 31, 2014, the Company has assessed for other than temporary impairment of its investment in Zim and has concluded that no impairment existed.

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5. Inventories:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	December 31, 2013	December 31, 2014
Bunkers	303	
Lubricants	9,044	9,971
Spare parts	1,658	1,594
Total	**11,005**	**11,565**

6. Advances for Vessels Acquisitions:

On September 21, 2010, the Company through its three wholly-owned subsidiaries, Adele Shipping Co., Bastian Shipping Co. and Cadence Shipping Co., contracted with a shipyard for the construction and purchase of three newbuild vessels (Hulls H1068A, H1069A and H1070A), each of approximately 9,403 TEU capacity at a contract price per newbuild vessel of $95,080. The newbuilds *MSC Azov* (Hull H1068A), *MSC Ajaccio* (Hull H1069A) and *MSC Amalfi* (Hull H1070A) were delivered to the Company on January 14, 2014, March 14, 2014 and April 28, 2014, respectively. The Company agreed with a financial institution to refinance the then outstanding balance of the loan relating to *MSC Azov*, *MSC Ajaccio* and *MSC Amalfi* under a ten-year sale and leaseback transaction. Under the sale and leaseback transaction, the vessels were chartered back to the Company on a bareboat basis and remained on time charter with its initial time charterer (Note 12).

On January 28, 2011, the Company, through its two wholly-owned subsidiaries Jodie Shipping Co. and Kayley Shipping Co., contracted with a shipyard for the construction and purchase of two newbuild vessels (Hulls S4010 and S4011), each of approximately 8,827 TEU capacity. The Company entered into ten-year charter party agreements from their delivery from the shipyard. The newbuild vessels *MSC Athens* (Hull S4010) and *MSC Athos* (Hull S4011) were delivered to the Company on March 14, 2013 and April 8, 2013, respectively, and the amount of $196,675, in aggregate, which included the contract price, capitalized interest and financing costs and other capitalized costs, was transferred to Vessels, net.

On April 20, 2011, the Company, through its five wholly-owned subsidiaries Quentin Shipping Co., Raymond Shipping Co., Sander Shipping Co., Terance Shipping Co. and Undine Shipping Co., contracted with a shipyard for the construction and purchase of five newbuild vessels (Hulls S4020, S4021, S4022, S4023 and S4024), each of approximately 8,827 TEU capacity. The newbuild vessels *Valor* (Hull S4020), *Value* (Hull S4021), *Valiant* (Hull S4022), *Valence* (Hull S4023) and *Vantage* (Hull S4024) were delivered to the Company on June 3, 2013, June 25, 2013, August 5, 2013, September 2, 2013 and November 8, 2013, respectively and the amount of $492,437, in aggregate, which included the contract price, capitalized interest and financing costs and other capitalized costs, was transferred to Vessels, net.

The total aggregate price for all ten newbuild vessels amounted to $953,873, payable in installments until their deliveries, which was fully paid through December 31, 2014 ($57,408 paid during the year ended December 31, 2014, $572,496 paid during the year ended December 31, 2013, $181,198 paid during the year ended December 31, 2012 and $143,131 paid during the year ended December 31, 2011).

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During the years ended December 31, 2013 and 2014 the costs incurred associated with the construction of the above mentioned vessels are presented in the table below:

Balance, December 31, 2012	**339,552**
Pre-delivery installments	572,496
Capitalized interest and finance costs	7,845
Other capitalized costs	10,090
Transferred to vessels, net	(689,112)
Balance, December 31, 2013	**240,871**
Pre-delivery installments	57,048
Capitalized interest and finance costs	1,306
Other capitalized costs	704
Sale and leaseback (Note 12)	(299,929)
Balance, December 31, 2014	

7. Vessels, Net:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	Vessel Cost	Accumulated Depreciation	Net Book Value
Balance, January 1, 2012	**2,298,108**	**(679,221)**	**1,618,887**
Depreciation		(80,333)	(80,333)
Transfer to assets held for sale	(25,000)	20,697	(4,303)
Vessel acquisitions and other vessels costs	74,053		74,053
Disposals	(43,125)	17,166	(25,959)
Balance, December 31, 2012	**2,304,036**	**(721,691)**	**1,582,345**
Depreciation		(89,903)	(89,903)
Vessel acquisitions and other vessels costs	51,853		51,853
Transfer from advances for vessel acquisitions	689,112		689,112
Derecognition of vessels	(29,659)	53	(29,606)
Disposals	(54,343)	37,930	(16,413)
Balance, December 31, 2013	**2,960,999**	**(773,611)**	**2,187,388**
Depreciation		(99,515)	(99,515)
Vessel acquisitions and other vessels costs	28,984		28,984

Disposals	(36,543)	18,506	(18,037)
Balance, December 31, 2014	**2,953,440**	**(854,620)**	**2,098,820**

During the year ended December 31, 2012, the Company acquired five secondhand containerships, *MSC Ulsan*, *MSC Koroni* (ex. *Koroni*), *MSC Itea* (ex. *Kyparissia*), *Stadt Luebeck* and *Messini* at an aggregate price of $73,000.

During the year ended December 31, 2012, the Company sold for scrap the container vessels *Gather*, *Gifted*, *Genius I* and *Horizon* at an aggregate price of $22,110 and recognized a net loss of $2,796 (including the effect of the partial reversal of a provision recorded in 2011 for costs associated with the grounding of *Rena*), which is separately reflected in Gain / (Loss) on sale / disposal of vessels, net in the accompanying 2012 statement of income.

During the year ended December 31, 2013, the Company took delivery from the shipyard of the seven newbuild container vessels *MSC Athens, MSC Athos, Valor, Value, Valiant, Valence* and *Vantage* at an aggregate cost of $689,112 (Note 6). Furthermore, during the year ended December

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31, 2013, the Company acquired the four secondhand container vessels *Venetiko*, *Petalidi, Ensenada Express* and *X-Press Padma* at an aggregate price of $51,853. On July 12, 2013, pursuant to the Framework Agreement (Notes 9 and 10), York (as defined below) participated with a 51% interest in the share capital of the ship-owning companies of the vessels *Petalidi, Ensenada Express* and *X-Press Padma* (Note 10).

During the year ended December 31, 2013, the Company sold for scrap the container vessels *MSC Washington*, *MSC Austria* and *MSC Antwerp* at an aggregate price of $23,809 and recognized a net gain of $518, which is separately reflected in Gain / (Loss) on sale / disposal of vessels, net in the accompanying 2013 consolidated statement of income.

During the year ended December 31, 2014, the Company acquired the three secondhand vessels *Neapolis, Areopolis* and *Lakonia* at an aggregate price of $27,740.

During the year ended December 31, 2014, the Company sold for scrap the container vessels *Konstantina*, *MSC Kyoto* and *Akritas* at an aggregate price of $24,329 and recognized a net gain of $2,543, which is separately reflected in Gain / (Loss) on sale / disposal of vessels, net in the accompanying 2014 consolidated statement of income.

Forty-six of the Company s vessels, with a total carrying value of $1,939,812 as of December 31, 2014, have been provided as collateral to secure the long-term debt discussed in Note 11.

8. Deferred Charges:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	Financing Costs	**Dry-docking and Special Survey Costs**	**Total**
Balance, January 1, 2012	**11,923**	**20,718**	**32,641**
Additions	547	11,171	11,718
Amortization	(1,143)	(8,179)	(9,322)
Write-off	(14)	(786)	(800)
Transfer to asset held for sale		(138)	(138)
Balance, December 31, 2012	**11,313**	**22,786**	**34,099**
Additions	210	6,189	6,399
Amortization	(1,569)	(8,084)	(9,653)
Derecognition of deferred charges		(553)	(553)
Write-off		(428)	(428)
Balance, December 31, 2013	**9,954**	**19,910**	**29,864**
Additions	2,055	10,150	12,205

Amortization	(2,084)	(7,814)	(9,898)
Write-off	(2,023)	(1,473)	(3,496)
Balance, December 31, 2014	**7,902**	**20,773**	**28,675**

Financing costs represent fees paid to the lenders for the conclusion of the Company s financing. The amortization and write off of loan financing costs is included in interest and finance costs in the accompanying consolidated statements of income (Note 17).

During the years ended December 31, 2012, 2013 and 2014, nine, eight and eleven vessels, respectively underwent their special surveys. The amortization of the dry-docking and special survey costs is separately reflected in the accompanying consolidated statements of income.

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9. Costamare Ventures Inc.:

On May 15, 2013, the Company, along with its wholly-owned subsidiary, Costamare Ventures Inc. (Costamare Ventures), entered into a Framework Deed (the Framework Agreement) with York Capital Management Global Advisors LLC and its affiliate Sparrow Holdings, L.P. (collectively, York) to invest jointly in the acquisition and construction of container vessels. Under the Framework Agreement the decisions regarding vessel acquisitions will be made jointly by Costamare Ventures and York and the Company reserves the right to acquire any vessels that York decides not to pursue.

Under the terms of the Framework Agreement, York agreed to invest up to $250 million in mutually agreed vessel acquisitions and Costamare Ventures agreed to invest a minimum of $75 million with an option to invest up to $240 million in these transactions. Depending on the amount Costamare Ventures elects to invest, it is expected that it will hold between 25% and 49% of the equity in the entities that will be formed under the Framework Agreement (the affiliate ship-owning companies) and York will hold the balance. Costamare Shipping provides shipmanagement and administrative services to the vessels acquired under the Framework Agreement, with the right to subcontract to V.Ships Greece and/or Shanghai Costamare. The Framework Agreement will terminate on its sixth anniversary or upon the occurrence of certain extraordinary events as described therein. At that time, Costamare Ventures may elect to divide the vessels owned by all such vessel-owning entities between itself and York to reflect their cumulative participation in all such entities. The Company accounts for the entities formed under the Framework Agreement as equity investments. As at December 31, 2014, the Company holds a range of 25% to 49% of the capital stock of fourteen jointly-owned companies formed pursuant to the Framework Agreement with York (Note 10).

10. Investment in Affiliates:

The affiliate companies, all of which are incorporated in the Marshall Islands and are accounted for under the equity method, are as follows:

Entity	Vessel/Hull	Participation % December 31, 2014	Date Established/ Acquired
Steadman Maritime Co.	*Ensenada Express*	49%	July 1, 2013
Marchant Maritime Co.	*X-Press Padma*	49%	July 8, 2013
Horton Maritime Co.	*Petalidi*	49%	June 26, 2013
Smales Maritime Co.	*Elafonisos*	49%	June 6, 2013
Kemp Maritime Co.	Hull NCP0113	49%	June 6, 2013
Hyde Maritime Co.	Hull NCP0114	49%	June 6, 2013
Ainsley Maritime Co.	Hull NCP0115	25%	June 25, 2013
Ambrose Maritime Co.	Hull NCP0116	25%	June 25, 2013
Benedict Maritime Co.	Hull HN2121	40%	October 16, 2013
Bertrand Maritime Co.	Hull HN2122	40%	October 16, 2013
Beardmore Maritime Co.	Hull HN2123	40%	December 23, 2013
Schofield Maritime Co.	Hull HN2124	40%	December 23, 2013
Fairbank Maritime Co.	Hull HN2125	40%	December 23, 2013
Connell Maritime Co.	n/a	40%	December 18, 2013

On July 12, 2013, in accordance with the Framework Agreement, York contributed $16,044, in the aggregate, in order to acquire a 51% equity interest in the affiliate ship-owning companies Steadman Maritime Co., Marchant Maritime Co. and Horton Maritime Co., and for initial working

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capital of such affiliate ship-owning companies. There was no difference between: (a) the aggregate of the fair value of the consideration received and the fair value of the retained investment, as compared with (b) the carrying amount of the former subsidiaries assets and liabilities, in each case at the date the subsidiaries were deconsolidated.

Furthermore, in July 2013, Costamare Ventures participated with 49% in the equity of Kemp Maritime Co. and Hyde Maritime Co. who entered into ship-building contracts for the construction of two 9,000 TEU container vessels, subject to upgrade, by contributing $8,707, in the aggregate up to December 31, 2013 and $34,709, in the aggregate during the year ended December 31, 2014.

During the year ended December 31, 2014, Costamare Ventures participated with 25% in the equity of Ainsley Maritime Co. and Ambrose Maritime Co., who entered into ship-building contracts for the construction of two 11,000 TEU container vessels, by contributing $8,767, in the aggregate. Furthermore, Costamare Ventures participated with 40% in the equity of Benedict Maritime Co., Bertrand Maritime Co., Beardmore Maritime Co., Schofield Maritime Co. and Fairbank Maritime Co., who entered into ship-building contracts for the construction of five 14,000 TEU container vessels, by contributing $30,305, in the aggregate. In December 2014, these five companies sold their ship-building contracts to a financial institution and agreed to lease back the vessels upon their delivery from the shipyard for a period of 12 years.

During the year ended December 31, 2014, pursuant to the Framework Agreement, Costamare Ventures participated with 40% in the equity of Connell Maritime Co. by contributing the amount of $6,669 and with 49% in the equity of Smales Maritime Co. by contributing the amount of $4,654 for the acquisition of the secondhand vessel *Elafonisos*.

For year ended December 31, 2013, the Company recorded a net gain of $692, which is separately reflected as Equity gain / (loss) on investments in the accompanying 2013 consolidated statement of income. For the year ended December 31, 2014, the Company recorded a net loss of $3,428, which is separately reflected as Equity gain / (loss) on investments in the accompanying 2014 consolidated statement of income.

Furthermore, during the year ended December 31, 2014, eight affiliate ship-owning companies declared dividends to their shareholders and Costamare Ventures received the amount of $31,828, which is included in Investments in affiliates in the accompanying 2014 consolidated balance sheet.

In addition, Costamare Ventures has provided Marchant Maritime Co., Horton Maritime Co. and Steadman Maritime Co. with certain cash advances. As of December 31, 2014, the aggregate balance due from the three companies amounted to $3,278 and is included in Due from related parties in the 2014 consolidated balance sheet.

In addition, the Company received the amount of $1,813, for services rendered, from an affiliate ship-owning company, which is included in Other, net in the 2014 consolidated statement of income.

The summarized combined financial information of the affiliates is as follows:

	December 31,	
	2013	**2014**
Non-current assets	49,072	177,220

Current assets	3,184	13,267
	52,256	190,487
Current liabilities	2,196	6,283

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	Year ended December 31, 2013	Year ended December 31, 2014
Voyage revenue	5,580	12,449
Net income / (loss)	**1,410**	**(6,360)**

11. Long-Term Debt:

The amounts shown in the accompanying consolidated balance sheets consist of the following:

Borrower(s)			December 31, 2013	December 31, 2014
1.	**Credit Facility**		675,774	585,883
2.	**Term Loans:**			
	1.	Costis Maritime Corporation and Christos Maritime Corporation	100,500	91,500
	2.	Mas Shipping Co.	47,000	38,875
	3.	Montes Shipping Co. and Kelsen Shipping Co.	90,000	78,000
	4.	Capetanissa Maritime Corporation	55,000	50,000
	5.	Rena Maritime Corporation	52,500	47,500
	6.	Costamare Inc.	90,100	73,414
	7.	Adele Shipping Co., Bastian Shipping Co. and Cadence Shipping Co.	146,295	
	8.	Costamare Inc.	129,243	120,330
	9.	Undine Shipping Co., Quentin Shipping Co. and Sander Shipping Co.	224,107	208,826
	10.	Raymond Shipping Co. and Terance Shipping Co.	148,707	137,793
	11.	Costamare Inc.	108,350	87,820
			1,191,802	934,058
		Total	1,867,576	1,519,941
		Less-current portion	(206,717)	(192,951)
		Long-term portion	1,660,859	1,326,990

1. Credit Facility:

On July 22, 2008, the Company signed a loan agreement with a consortium of banks, for a $1,000,000 Credit Facility (the Facility) for general corporate and working capital purposes. The Company used $631,340 of the proceeds from the Facility to repay the then existing indebtedness. The Facility bears interest at the 3, 6, 9 or 12 months (at the Company s option) LIBOR plus margin. Following the sale of *MSC Antwerp* (ex. *Sophia Britannia*) the Company, on September 30, 2013, repaid $1,500 of the Facility.

The outstanding balance of the Facility as of December 31, 2014, is repayable in 14 equal, consecutive quarterly installments, of $22,473 each plus a balloon payment of $271,261 payable together with the last installment. The quarterly installments were calculated using a formula specified in the agreement, following the amalgamation of the Facility s compounds on June 30, 2011, as documented in the third supplemental agreement to the Facility that the Company entered into on September 6, 2011.

On December 17, 2012, the Company entered into a fourth supplemental agreement which released two of the Company s subsidiaries guarantors and the mortgages over their vessels and

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replaced them with mortgages over two other vessels. On May 28, 2013, the Company entered into a fifth supplemental agreement under which the bank agreed to the change of flags of five of the Company s vessels and to the transfer of the technical management of two of the Company s vessels to V.Ships Greece. On August 30, 2013, the Company entered into a sixth supplemental agreement which released one of the Company s subsidiary guarantor and the mortgage over its vessel and replaced it with mortgages over two other vessels. On July 2, 2014 contemporaneously with the restructuring with a major charterer discussed above (Note 4), the Company entered into a seventh supplemental agreement which amends the calculation method of the security value maintenance of the original agreement for two of the vessels financed by the Credit Facility which are chartered with the specific charterer.

The Facility, as of December 31, 2014, was secured with, among others, first priority mortgages over 18 of the Company s vessels, first priority assignment of vessels insurances and earnings, charter party assignments, first priority pledges over the operating accounts and corporate guarantees of 18 ship-owning companies.

The Facility and certain of the term loans described under Note 11.2 below include among others, financial covenants requiring: (i) the ratio of Total Liabilities (after deducting cash and cash equivalents) to Market Value Adjusted Total Assets (after deducting cash and cash equivalents) not to exceed 0.75 to 1.00, (ii) minimum liquidity of the greater of $30,000 or 3% of the total debt of the Company, (iii) the ratio of EBITDA to net interest expense not to be less than 2.50 to 1.00, (iv) Market Value Adjusted Net Worth, defined as the amount by which the Market Value Adjusted Total Assets exceed the Total Liabilities, to exceed $500,000. The Company s other term loans described under Note 11.2 below also contain financial covenants requiring the ratio of net funded debt to total net assets ratio not to exceed 80% on a charter inclusive valuation basis as well as financial covenants that are either equal to or less stringent than the foregoing financial covenants.

2. Term loans:

1. In May 2008, Costis Maritime Corporation and Christos Maritime Corporation entered into a loan agreement with a bank for an amount of up to $150,000 in the aggregate ($75,000 each) on a joint and several basis in order to partly finance the acquisition cost of the vessels *Sealand New York* and *Sealand Washington*. As at December 31, 2014, the outstanding balance of the loan of $91,500 is repayable in 7 equal semi-annual installments of $4,500, each from May 2015 to May 2018 and a balloon payment of $60,000 payable together with the last installment.

2. In January 2008, Mas Shipping Co. entered into a loan agreement with a bank for an amount of up to $75,000 in order to partly finance the acquisition cost of vessel *Maersk Kokura*. As at December 31, 2014, the outstanding balance of the loan of $38,875 is repayable in 7 variable semi-annual installments from February 2015 to February 2018 and a balloon payment of $10,000 payable together with the last installment.

3. In December 2007, Montes Shipping Co. and Kelsen Shipping Co. entered into a loan agreement with a bank for an amount of up to $150,000 in the aggregate ($75,000 each) on a joint and several basis in order to partly finance the acquisition cost of the vessels *Maersk Kawasaki* and *Maersk Kure*. As at December 31, 2014, the outstanding balance of the loan of $78,000 is repayable in 6 equal semi-annual installments of $6,000 each from June 2015 to December 2017 and a balloon payment of $42,000 payable together with the last installment.

4. In June 2006, Capetanissa Maritime Corporation entered into a loan agreement with a bank for an amount of up to $90,000, in order to partly finance the acquisition cost of the vessel *Cosco Beijing*. As at December 31, 2014, the outstanding balance of the loan of $50,000 is repayable in 8 equal semi-annual installments of $2,500 each from February 2015 to August 2018 and a balloon payment of $30,000 payable together with the last installment.

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5. In February 2006, Rena Maritime Corporation entered into a loan agreement with a bank for an amount of up to $90,000 in order to partly finance the acquisition cost of the vessel *Cosco Guangzhou*. As at December 31, 2014, the outstanding balance of the loan of $47,500 is repayable in 7 equal semi-annual installments of $2,500 each from February 2015 to February 2018 and a balloon payment of $30,000 payable together with the last installment.

6. On November 19, 2010, Costamare entered into a term loan agreement with a consortium of banks for an amount of up to $120,000, which was available for drawing for a period up to 18 months. As of December 31, 2014, the Company had drawn the amount of $38,500 (tranche a), the amount of $42,000 (tranche b), the amount of $21,000 (tranche c), the amount of $7,470 (tranche d) and the amount of $7,470 (tranche e) under this term loan agreement in order to finance part of the acquisition cost of *MSC Romanos*, *MSC Methoni*, *MSC Ulsan*, *MSC Koroni* (ex. *Koroni*) and *MSC Itea* (ex. *Kyparissia*), respectively. As at December 31, 2014, the outstanding balance of the tranche (a) of the loan of $25,988 is repayable in 19 equal quarterly installments of $962.5 from February 2015 to August 2019 and a balloon payment of $7,700 payable together with the last installment. As at December 31, 2014, the outstanding balance of the tranche (b) of the loan of $29,400 is repayable in 20 equal quarterly installments of $1,050 from January 2015 to October 2019 and a balloon payment of $8,400 payable together with the last installment. As at December 31, 2014, the outstanding balance of the tranche (c) of the loan of $15,225 is repayable in 21 equal quarterly installments of $525 from February 2015 to February 2020 and a balloon payment of $4,200 payable together with the last installment. On May 21, 2014, the then outstanding balance of $4,202 of the tranche (d) of the loan was fully repaid. As at December 31, 2014, the outstanding balance of the tranche (e) of the loan of $2,801 is repayable in 2 equal quarterly installments of $466.9 from February 2015 to May 2015 and a balloon payment of $1,867.3 payable together with the last installment.

7. On January 14, 2011, Adele Shipping Co., Bastian Shipping Co. and Cadence Shipping Co., wholly-owned subsidiaries of Costamare, concluded a credit facility with a consortium of banks, as joint-and-several borrowers, for an amount of up to $203,343 to finance part of the acquisition and construction cost of Hulls H1068A, H1069A and H1070A (Note 6). The drawdown of the facility was made in three tranches, one for each hull. The credit facility was repayable in forty consecutive quarterly installments, the first thirty-nine (1-39) in the amount of $1,412 per tranche each, and a final (fortieth) installment of $12,713 per tranche. As of December 31, 2013, the Company had drawn the amount of $48,765 (tranche (a) - H1068A), $48,765 (tranche (b) - H1069A) and $48,765 (tranche (c) - H1070A), in order to partly finance the second installment and fully finance the third and fourth pre- delivery installment of hulls H1068A, H1069A and H1070A. *MSC Azov* (Hull H1068A), *MSC Ajaccio* (Hull H1069A) and *MSC Amalfi* (Hull H1070A) were delivered to the Company, on January 14, 2014, March 14, 2014 and April 28, 2014, respectively and at the same time the Company agreed the sale and leaseback of such vessels and repaid the then outstanding balance of the three tranches (Note 12).

8. On April 7, 2011, Costamare, as borrower, concluded a credit facility with a bank, for an amount up to the lesser of $140,000 and 70% of the contract price of the vessels, to finance part of the acquisition and construction cost of Hulls S4010 and S4011 (Note 6). In April 2011, the Company drew down the amount of $26,740 in order to partly refinance the first pre-delivery installment of Hulls S4010 and S4011. During the year ended December 31, 2012, the Company drew down the amount of $26,740, in aggregate, in order to partly finance the second and third pre-delivery installments of Hulls S4010 and S4011. Furthermore, during the year ended December 31, 2013, the Company drew down in aggregate the amount of $80,220, in order to partly finance the final installments of Hulls S4010 (*MSC Athens*), which was delivered to the Company on March 14, 2013 and S4011 (*MSC Athos*), which was delivered to the Company on April 8, 2013. As at December 31, 2014, the outstanding balance of the loan of $120,330 is repayable in

13 equal semi-

13 equal semi-

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annual installments of $4,456.7 from January 2015 until January 2021 and a balloon payment of $62,392.7 payable together with the last installment.

9. On August 16, 2011, Undine Shipping Co., Quentin Shipping Co. and Sander Shipping Co., wholly-owned subsidiaries of Costamare concluded a credit facility with a consortium of banks, as joint-and-several borrowers, for an amount of up to $229,200 to finance part of the acquisition and construction cost of Hulls S4020, S4022 and S4024 (Note 6). The drawdown of the facility was made in three tranches. On August 26, 2011, the Company drew down an amount of $22,920 in order to partly refinance the first pre-delivery installment of Hulls S4020, S4022 and S4024. During the year ended December 31, 2012, the Company drew down in aggregate the amount of $38,200 in order to partly finance the second and the third pre-delivery installments of Hulls S4020, S4022 and S4024. Furthermore, during the year ended December 31, 2013, the Company drew down in aggregate the amount of $168,080 in order to partly finance the third pre-delivery and the delivery final installments of Hulls S4020 (*Valor*), S4022 (*Valiant*) and S4024 (*Vantage*), which were delivered to the Company on June 3, 2013, August 5, 2013 and November 8, 2013, respectively. As at December 31, 2014, the outstanding balance of the tranche (a) of $68,760 relating to Hull S4020 (*Valor*), is repayable in 22 equal quarterly installments of $1,273.4 from January 2015 to April 2020 and a balloon payment of $40,744.8 payable together with the last installment. As at December 31, 2014, the outstanding balance of the tranche (b) of $68,760 relating to Hull S4022 (*Valiant*), is repayable in 22 equal quarterly installments of $1,273.4 from March 2015 to June 2020 and a balloon payment of $40,744.8 payable together with the last installment. As at December 31, 2014, the outstanding balance of the tranche (c) of $71,306 relating to Hull S4024 (*Vantage*) is repayable in 24 equal quarterly installments of $1,273.4 and a balloon payment payable together with the last installment of $40,744.8 from February 2015 to November 2020.

10. On October 12, 2011, Raymond Shipping Co. and Terance Shipping Co. wholly-owned subsidiaries of the Company concluded a credit facility with a bank, as joint and several borrowers, for an amount of up to $152,800 to finance part of the construction and acquisition cost of Hulls S4021 and S4023 (Note 6). On October 25, 2011, the Company drew down an amount of $15,280 in order to partly refinance the first pre-delivery installment of Hulls S4021 and S4023. During the year ended December 31, 2012, the Company drew down in aggregate the amount of $30,560 in order to partly finance the second and third pre-delivery installments of Hulls S4021 and S4023. Furthermore, during the year ended December 31, 2013 the Company drew down in the aggregate the amount $106,960 in order to partly finance the final installments of Hulls S4021 (*Value*) and S4023 (*Valence*), which vessels were delivered to the Company on June 25, 2013, and September 2, 2013, respectively. As at December 31, 2014, the outstanding balance of the tranche (a) of $68,214 relating to Hull S4021 (*Value*), is repayable in 22 equal quarterly installments of $1,364.3 from March 2015 to June 2020 and a balloon payment of $38,199.6 payable together with the last installment. As at December 31, 2014, the outstanding balance of tranche (b) of the loan of $69,579 relating to Hull S4023 (*Valence*) is repayable in 23 equal quarterly installments of $1,364.3 from February 2015 to August 2020 and a balloon payment of $38,199.6 payable together with the last installment.

11. On October 6, 2011, the Company concluded a loan facility with a bank for an amount of up to $120,000, in order to partly finance the aggregate market value of eleven vessels in its fleet. In March 2012, the Company drew the amount of $113,700. Furthermore, on June 29, 2012, the Company entered into a supplemental agreement for a further amount of $11,300 to finance the acquisition of the vessel *Stadt Luebeck,* which was drawn down in August 2012 upon the delivery of the vessel. In April 11, 2014, the Company entered into another supplemental agreement, for a further amount of $9,000 to partly finance the acquisition of the vessel *Neapolis*, which was drawn down in April 2014 upon the delivery of the vessel. In May 2014, the Company repaid the amount of $6,495 due to the sale of

Konstantina (Note 7). Furthermore in September 2014 the Company repaid the amount of $6,000 due to the sale of *Akritas* (Note 7). As at December 31, 2014, the

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outstanding balance of $87,820 is repayable in 16 quarterly variable consecutive installments from March 2015 to December 2018 and a balloon payment of $39,490 payable together with the last installment.

The term loans discussed above bear interest at LIBOR plus a spread and are secured by, inter alia, (a) first priority mortgages over the financed vessels, (b) first priority assignments of all insurances and earnings of the mortgaged vessels and (c) corporate guarantees of Costamare or its subsidiaries, as the case may be. The loan agreements contain usual ship finance covenants, including restrictions as to changes in management and ownership of the vessels, additional indebtedness, mortgaging of vessels, as well as minimum requirements regarding hull Value Maintenance Clauses (VMC) in the range of 100% to 125% and restrictions in dividend payments if an event of default has occurred and is continuing or would occur as a result of the payment of such dividend.

The annual principal payments required to be made after December 31, 2014, are as follows:

Year ending December 31,	Amount
2015	192,951
2016	185,259
2017	227,259
2018	557,946
2019	60,396
2020 and thereafter	296,130
	1,519,941

The interest rates of Costamare s long-term debt at December 31, 2012, 2013 and 2014, were in the range of 2.71%-6.75%, 1.25%-6.75% and 1.03%-6.75%, respectively. The weighted average interest rate as at December 31, 2012, 2013 and 2014, was 4.4%, 4.3% and 4.2%, respectively.

Total interest expense incurred on long-term debt (including the effect of the interest rate swaps discussed in Note 19) for the years ended December 31, 2012, 2013 and 2014, amounted to $76,831, $81,471 and $77,655, respectively and is included in Interest and finance costs in the accompanying consolidated statements of income. Of the above amount incurred in 2012, $8,476 was capitalized and is included (a) in Advances for vessel acquisitions ($5,280) and (b) in the statement of comprehensive income / (loss) ($3,196), representing net settlements on interest rate swaps qualifying for cash flow hedge. Of the above amount incurred in 2013, $11,098 was capitalized and is included (a) in Advances for vessel acquisitions ($7,845) in the accompanying 2013 consolidated balance sheet and (b) in the statement of comprehensive income / (loss) ($3,253), representing net settlements on interest rate swaps qualifying for cash flow hedge. Of the above amount incurred in 2014, $1,795 was capitalized and is included (a) in Advances for vessel acquisitions ($1,306) (Note 6) and (b) in the statement of comprehensive income / (loss) ($489), representing net settlements on interest rate swaps qualifying for cash flow hedge.

3. New Credit Facility:

On September 26, 2014, in connection with the contemplated initial public offering (Note 1), Costamare Partners LP a Marshall Islands limited partnership and a wholly-owned subsidiary of the Company, as guarantor, and each of the vessel owning companies, Capetanissa Maritime Corporation, Jodie Shipping Co., Kayley Shipping Co. and Raymond Shipping Co., as joint and several borrowers, entered into a new credit facility with certain banks for up to $180,000. The credit facility consists of:

i. A term loan, in order to refinance the loans discussed in Notes 11.2.4, 11.2.8 and 11.2.10, in an amount equal to the lesser of (i) $126,600 and (ii) an amount which when aggregated with the amount drawn under the revolving credit facility as of the drawdown date of the term loan facility,

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does not exceed 50% of the market value of the relevant vessels securing the facility. The term loan is available for a single drawdown through March 31, 2015 and is repayable in 20 equal consecutive quarterly installments in the amount of approximately $2,221 plus a balloon payment at the final maturity date, which will be the earlier of the fifth anniversary of the drawdown date or November 19, 2019 (the Final Maturity Date).

ii. A revolving credit facility, for general corporate purposes, in an amount equal to the lesser of (i) $53,400 and (ii) an amount which when aggregated with the amount actually drawn under the term loan facility, does not exceed 50% of the market value of the relevant vessels securing the facility. The commitment under the revolving credit facility will be reduced in 20 quarterly amounts of $937 starting three months after the first drawdown date under the New Credit Facility and the last such reduction in the amount outstanding as of the Final Maturity Date.

The New Credit Facility will bear interest at LIBOR plus a spread and will be secured among others by a first priority mortgage over the vessels the *COSCO Beijing*, the *MSC Athens*, the *MSC Athos* and the *Value*.

12. Capital Leased Assets and Capital Lease Obligations:

The newbuild vessels *MSC Azov*, *MSC Ajaccio* and *MSC Amalfi* were delivered to the Company on January 14, 2014, March 14, 2014 and April 28, 2014, respectively (Note 6). At the same time, the Company agreed with a financial institution to refinance the then outstanding balance of the loans relating to *MSC Azov*, *MSC Ajaccio* and *MSC Amalfi*, by entering into a ten-year sale and leaseback transaction for each vessel upon their respective deliveries. These vessels were sold for an amount of $85,572 each and leased back for a period of ten years.

The sale and leaseback transactions were classified as capital leases. Furthermore, as the fair value of each vessel sold was in excess of its carrying amount, the difference between the sale proceeds and the carrying amount was considered as prepaid lease rentals. In this respect, an aggregate amount of $49,817 (including the net settlements on interest rate swaps qualifying for hedge accounting of $6,604) was transferred to prepaid lease rentals.

The total value of the three vessels at the inception of the capital lease transactions amounted to $256,716. The depreciation charged during the year ended December 31, 2014, amounted to $6,169 and is included in Depreciation in the accompanying 2014 consolidated statement of income. As of December 31, 2014, the net book value of the three vessels amounted to $250,547 and is separately reflected as Capital leased assets, in the accompanying 2014 consolidated balance sheet.

The balance of prepaid lease rentals, as of December 31, 2014, is analyzed as follows:

	December 31, 2014
Initial recognition of prepaid lease rentals	49,817
Less: Amortization of prepaid lease rentals	(4,024)
Prepaid lease rentals	**45,793**
Less: current portion	(4,982)

Non-current portion	**40,811**

The capital lease obligations amounting to $247,133 as at December 31, 2014 are scheduled to expire through 2024 and include a bargain purchase option to repurchase the vessels at any time during the charter period. Total interest expense incurred on capital leases for the year ended December 31, 2014 amounted to $14,793 and is included in Interest and finance costs in the accompanying 2014 consolidated statement of income.

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The annual lease payments in aggregate required under the capital leases after December 31, 2014 are as follows:

Year ending December 31,	Amount
2015	30,699
2016	30,783
2017	30,698
2018	30,698
2019	30,699
2020 and thereafter	207,553
Total	**361,130**
Less: Amount of interest	(113,997)
Total lease payments	**247,133**

The total capital lease obligations are presented in the accompanying December 31, 2014 consolidated balance sheet as follows:

Capital lease obligation	current	13,508
Capital lease obligation	non current	233,625
		247,133

13. Accrued Charter Revenue, Current and Non-Current and Unearned Revenue, Current and Non-Current:

(a) Accrued charter revenue, Current and Non-Current: The amounts presented as current and non-current accrued charter revenue in the accompanying consolidated balance sheets as of December 31, 2013 and 2014, reflect revenue earned, but not collected, resulting from charter agreements providing for varying annual charter rates over their term, which were accounted for on a straight-line basis at their average rates. As at December 31, 2013, the net accrued charter revenue, reduced by the allowance for doubtful amounts of $2,208, totaling to ($16,896), comprises $409 separately reflected in Current assets, $10,264 separately reflected in Non-current assets and $27,569 (discussed in (b) below) included in Unearned revenue in current and non-current liabilities in the accompanying 2013 consolidated balance sheet. As at December 31, 2014, the net accrued charter revenue, totaling to ($32,751) comprises $511 separately reflected in Current assets, $1,025 separately reflected in Non-current assets, and $34,287 (discussed in (b) below) included in Unearned revenue in current and non-current liabilities in the accompanying 2014 consolidated balance sheet. The maturities of the net accrued charter revenue as of December 31 of each year presented below are as follows:

Year ending December 31,	Amount
2015	(4,323)

2016	(9,430)
2017	(11,336)
2018	(7,662)
	(32,751)

(b) Unearned Revenue, Current and Non-Current: The amounts presented as current and non-current unearned revenue in the accompanying consolidated balance sheets as of December 31, 2013 and 2014, reflect: (a) cash received prior to the balance sheet date for which all criteria to recognize as revenue have not been met and (b) any unearned revenue resulting from charter agreements

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providing for varying annual charter rates over their term, which were accounted for on a straight-line basis at their average rate.

	December 31, 2013	December 31, 2014
Hires collected in advance	7,196	8,096
Charter revenue resulting from varying charter rates	27,569	34,287
Total	**34,765**	**42,383**
Less current portion	(9,601)	(12,929)
Non-current portion	**25,164**	**29,454**

14. Commitments and Contingencies:

(a) Long-term time charters: As at December 31, 2014, the Company has entered into time charter arrangements on all of its vessels in operation with international liner operators. These arrangements as at December 31, 2014, have remaining terms of up to 111 months. As of the same date, future minimum contractual charter revenues assuming 365 revenue days per annum per vessel and the earliest redelivery dates possible, based on vessels committed, non-cancelable, long-term time charter contracts, are as follows:

Year ending December 31,	Amount
2015	453,416
2016	417,343
2017	371,709
2018	198,759
2019	122,306
2020 and thereafter	310,852
	1,874,385

(b) Pursuant to the Framework Agreement the Company has a contractual commitment of approximately $96,774 representing 49% of the remaining construction cost of two vessels under construction, 40% of the remaining construction cost of five vessels under construction and 25% of the construction cost of two vessels under construction (Note 10).

(c) Other: Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company s vessels. Currently, management is not aware of any such claims not covered by insurance or contingent liabilities, which should be disclosed, or for which a provision has not been established in the accompanying consolidated financial statements.

The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. Currently, management is not aware of any other claims or contingent liabilities which should be disclosed or for which a provision should be established in the accompanying consolidated financial statements.

The Company is covered for liabilities associated with the individual vessels actions to the maximum limits as provided by Protection and Indemnity (P&I) Clubs, members of the International Group of P&I Clubs.

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15. Common Stock, Preferred Stock and Additional Paid-In Capital:

(a) Common Stock: From inception through July 11, 2010, the authorized common stock of Costamare consisted of 2,000,000 shares with a par value of $0.0001 per share out of which 1,000,000 shares were issued to the Family. On July 12, 2010, the Company s articles of incorporation were amended. Under the amended articles of incorporation, the Company s authorized capital stock consists of 1,000,000,000 shares of common stock, par value $0.0001 per share and 100,000,000 preferred shares, par value $0.0001 per share of which no shares were issued. Of these preferred shares, 10,000,000 shares have been designated Series A Participating Preferred Stock in connection with the adoption of a stockholder rights plan. All shares of stock are in registered form.

On July 20, 2010, pursuant to a rights offering authorized by the Board of Directors on July 14, 2010, the Company issued 24,000,000 shares of common stock in exchange of $2,400, increasing the issued share capital of the Company to 25,000,000 shares of common stock.

On October 19, 2010, within the context of the Initial Public Offering completed in November 2010, the Company effected a dividend of 0.88 shares for each share of common stock outstanding on the record date of August 27, 2010 (the Stock Split). As a result of this dividend, the Company issued 22,000,000 additional shares in respect of its 25,000,000 shares of the then outstanding common stock.

On November 4, 2010, the Company completed its Initial Public Offering in the United States under the Securities Act. In this respect 13,300,000 common shares at par value $0.0001 were issued at a public offering price of $12.00 per share, increasing the issued share capital to 60,300,000 shares. The net proceeds of the Initial Public Offering were $145,543.

On March 27, 2012, the Company completed a follow-on public equity offering in the United States under the Securities Act. In this respect 7,500,000 shares at par value $0.0001 were issued at a public offering price of $14.10 per share, increasing the issued share capital to 67,800,000 shares. The net proceeds of the follow-on offering were $100,584.

On October 19, 2012, the Company completed a follow-on public equity offering in the United States under the Securities Act. In this respect 7,000,000 shares at par value $0.0001 were issued at a public offering price of $14.00 per share, increasing the issued share capital to 74,800,000 shares. The net proceeds of the follow-on offering were $93,547.

(b) Preferred Stock: On August 7, 2013, the Company issued 2,000,000, Series B Cumulative Redeemable Perpetual Preferred Stock (the Series B Preferred Stock) in the United States under the Securities Act, which pay dividends of 7.625% per annum in arrears on a quarterly basis (equal to $1.90625 per annum per share) at $25 per share. At any time after August 6, 2018, the Series B Preferred Stock may be redeemed, at the Company s election at a price of $25 of liquidation preference per share. The net proceeds from the offering were $48,042.

On January 22, 2014, the Company issued 4,000,000, Series C Cumulative Redeemable Perpetual Preferred Stock (the Series C Preferred Stock) in the United States under the Securities Act, which pay dividends of 8.50% per annum in arrears on a quarterly basis (equal to $2.125 per annum per share) at $25 per share. At any time after January 21, 2019, the Series C Preferred Stock may be redeemed, at the Company s election at a price of $25 of liquidation preference per share. The net proceeds from the offering were $96,523.

(c) Additional Paid-in Capital: The amounts shown in the accompanying consolidated balance sheets, as additional paid-in capital, include: (i) payments made by the stockholders at various dates to finance vessel acquisitions in excess of the amounts of bank loans obtained, (ii) advances for working capital purposes and (iii) the difference between the par value of the shares issued in the

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Initial Public Offering in November 2010 and the offerings in March 2012, October 2012, August 2013 and January 2014 and the net proceeds received from the issuance of such shares.

(d) Dividends declared and / or paid: During the year ended December 31, 2013, the Company declared and paid to its common stockholders (i) $20,196 or $0.27 per common share for the fourth quarter of 2012, (ii) $20,196 or $0.27 per common share for the first quarter of 2013, (iii) $20,196 or $0.27 per common share for the second quarter of 2013 and (iv) $20,196 or $0.27 per common share for the third quarter of 2013. During the year ended December 31, 2014, the Company declared and paid to its common stockholders (i) $20,196 or $0.27 per common share for the fourth quarter of 2013, (ii) $20,944 or $0.28 per common share for the first quarter of 2014, (iii) $20,944 or $0.28 per common share for the second quarter of 2014 and (iv) $20,944 or $0.28 per common share for the third quarter of 2014. During the year ended December 31, 2013, the Company declared and paid to its holders of Series B Preferred Stock $731 or $0.3654 per share for the period from August 6, 2013 to October 14, 2013. During the year ended December 31, 2014, the Company declared and paid to its holders of Series B Preferred Stock (i) $953 or $0.476563 per share for the period from October 14, 2013 to January 14, 2014, (ii) $953 or $0.476563 per share for the period from January 15, 2014 to April 14, 2014, (iii) $953 or $0.476563 per share for the period from April 15, 2014 to July 14, 2014 and (iv) $953 or $0.476563 per share for the period from July 15, 2014 to October 14, 2014. During year ended December 31, 2014, the Company declared and paid to its holders of Series C Preferred Stock (i) $1,984 or $0.495833 per share for the period from January 22, 2014 to April 14, 2014, (ii) $2,125 or $0.531250 per share for the period from April 15, 2014 to July 14, 2014 and (iii) $2,125 or $0.531250 per share for the period from July 15, 2014 to October 14, 2014.

16. Earnings per share (EPS)

All common shares issued are Costamare common stock and have equal rights to vote and participate in dividends. In August 2013, the Company issued Series B Preferred Stock, receiving an annual dividend of 7.625% in arrears on the 15th day of January, April, July and October of each year. Furthermore, in January 2014 the Company issued Series C Preferred Stock, receiving an annual dividend of 8.50% in arrears on the 15th day of January, April, July and October of each year. Profit or loss attributable to common equity holders is adjusted by the contractual amount of dividends on Series B Preferred Stock and Series C Preferred Stock that should be paid for the period. Dividends paid or accrued on Series B Preferred Stock and Series C Preferred Stock during the years ended December 31, 2012, 2013 and 2014, amounted to $nil, $1,536 and $11,909, respectively.

	2012 Basic EPS	2013 Basic EPS	2014 Basic EPS
Net income	$ 81,129	$ 103,087	$ 115,087
Less: paid and accrued earnings allocated to Preferred Stock		(1,536)	(11,909)
Net income available to common stockholders	81,129	101,551	103,178
Weighted average number of common shares, basic and diluted	67,612,842	74,800,000	74,800,000
Earnings per common share, basic and diluted	$ 1.20	$ 1.36	$ 1.38

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17. Interest and Finance Costs:

The amounts in the accompanying consolidated statements of income are analyzed as follows:

	2012	**2013**	**2014**
Interest expense	28,485	33,018	46,345
Interest capitalized	(8,476)	(11,098)	(1,795)
Swap effect	48,346	48,453	46,103
Amortization and write-off of financing costs	1,157	1,569	4,107
Commitment fees	4,921	2,283	506
Bank charges and other	301	308	296
	74,734	**74,533**	**95,562**

18. Taxes:

Under the laws of the countries of the companies incorporation and/or vessels registration, the companies are not subject to tax on international shipping income; however, they are subject to registration and tonnage taxes, which are included in Vessel operating expenses in the accompanying consolidated statements of income.

The vessel owning companies with vessels that have called on the United States during the relevant year of operation are obliged to file tax returns with the Internal Revenue Service. The applicable tax is 50% of 4% of U.S. related gross transportation income unless an exemption applies. Management believes that based on current legislation the relevant vessel owning companies are entitled to an exemption because they satisfy the relevant requirements, namely that (i) the related vessel owning companies are incorporated in a jurisdiction granting an equivalent exemption to U.S. corporations and (ii) over 50% of the ultimate stockholders of the vessel owning companies are residents of a country granting an equivalent exemption to U.S. persons.

19. Derivatives:

(a) Interest rate swaps that meet the criteria for hedge accounting: The Company, according to its long-term strategic plan to maintain stability in its interest rate exposure, has decided to minimize its exposure to floating interest rates by entering into interest rate swap agreements. To this effect, the Company has entered into interest rate swap transactions with varying start and maturity dates, in order to proactively and efficiently manage its floating rate exposure.

These interest rate swaps are designed to hedge the variability of interest cash flows arising from floating rate debt, attributable to movements in three-month or six-month USD LIBOR. According to the Company s Risk Management Accounting Policy, after putting in place the formal documentation required by ASC 815 in order to designate these swaps as hedging instruments as from their inception, these interest rate swaps qualified for hedge accounting. Accordingly, 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 the Company s earnings. Assessment and measurement of the effectiveness of these interest rate swaps are performed at each reporting period. For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognized initially in Other comprehensive income and recognized to the consolidated statement of income in the periods when the hedged item affects profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognized in the consolidated statement of income immediately.

At December 31, 2013 and 2014, the Company had interest rate swap agreements with an outstanding notional amount of $1,588,491 and $1,030,642, respectively. The fair value of these interest rate swaps outstanding at December 31, 2013 and 2014, amounted to a liability of $87,806

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and a liability of $55,422, respectively and these are included in the accompanying consolidated balance sheets. The maturity of these interest rate swaps range between June 2015 and August 2020.

During the years ended December 31, 2012, 2013 and 2014, the realized ineffectiveness on the interest rate swaps discussed under (a) above was nil, a gain of $254 and a net gain of $645, respectively and are included in Gain / (Loss) on derivative instruments, net in the accompanying consolidated statements of income.

During the year ended December 31, 2014, the Company terminated three interest rate derivative instruments and paid the counterparty breakage costs of $10,192 in aggregate and is reflected in the Swaps breakage costs in the accompanying 2014 consolidated statement of income.

(b) Interest rate swaps that do not meet the criteria for hedge accounting: As of December 31, 2013 and 2014, the Company had interest rate swap agreements with an outstanding notional amount of $100,000 and $217,533, respectively for the purpose of managing risks associated with the variability of changing LIBOR-related interest rates. Such agreements did not meet hedge accounting criteria and, therefore, changes in its fair value are reflected in earnings. The fair value of these interest rate swaps at December 31, 2013 and 2014, was a liability of $15,406 and a liability of $18,509, respectively and these are included in Fair value of derivatives in the accompanying consolidated balance sheets. The maturity of these interest rate swaps range between February 2017 and August 2020.

(c) Foreign currency agreements: As of December 31, 2014 the Company was engaged in nine Euro/U.S. dollar forward agreements totaling $22,500 at an average forward rate of Euro/U.S. dollar 1.273 expiring in monthly intervals up to September 2015.

As of December 31, 2013, the Company had no outstanding Euro/USD foreign currency agreements.

As of December 31, 2012, the Company was engaged in two Euro/U.S. dollar forward agreements totaling $5,000 at an average forward rate of Euro/U.S. dollar 1.280 expiring in monthly intervals up to February 2013.

The total change of forward contracts fair value for the year ended December 31, 2014, was a loss of $1,009, for the year ended December 31, 2013, was a loss of $165 and for the year ended December 31, 2012 was a gain of $1,149 and are included in Gain / (Loss) on derivative instruments, net in the accompanying consolidated statements of income.

The Effect of Derivative Instruments for the years ended
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Derivatives in ASC 815 Cash Flow Hedging Relationships

	Amount of Gain / (Loss) Recognized in Accumulated OCI on Derivative (Effective Portion)	Location of Gain / (Loss) Recognized in Income on Derivative	Amount of Gain / (Loss) Recognized in Income on Derivative

	2012	2013	2014	(Ineffective Portion)	2012	(Ineffective Portion) 2013	2014
Interest rate swaps	(51,386)	27,964	(12,988)	Gain / (Loss) on derivative instruments, net		254	645
Reclassification to Interest and finance costs	42,877	42,922	35,790				
Total	**(8,509)**	**70,886**	**22,802**			**254**	**645**

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Derivatives Not Designated as Hedging Instruments and Ineffectiveness of Hedging Instruments under ASC 815

	Location of Gain / (Loss) Recognized on Derivative	Amount of Gain / (Loss) Recognized in Income on Derivative 2012	2013	2014
Non-hedging interest rate swaps	Gain / (Loss) on derivative instruments, net	(1,611)	6,459	5,833
Ineffective portion of hedging interest rate swaps	Gain / (Loss) on derivative instruments, net		254	645
Forward contracts	Gain / (Loss) on derivative instruments, net	1,149	(165)	(1,009)
Total		**(462)**	**6,548**	**5,469**

20. Financial Instruments:

(a) Interest rate risk: The Company s interest rates and loan repayment terms are described in Note 11.

(b) Concentration of credit risk: Financial instruments which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents, accounts receivable (included in current and non-current assets), investments in affiliates, equity securities, debt securities and derivative contracts (interest rate swaps and foreign currency contracts). The Company places its cash and cash equivalents, consisting mostly of deposits, with high credit rated financial institutions. The Company performs periodic evaluations of the relative credit standing of those financial institutions. The Company is exposed to credit risk in the event of non-performance by counterparties to derivative instruments; however, the Company limits its exposure by diversifying among counterparties with high credit ratings. The Company limits its credit risk with accounts receivable, investments in affiliates and equity and debt securities by performing ongoing credit evaluations of its customers , affiliates and investees financial condition and generally does not require collateral for its accounts receivable.

(c) Fair value: The carrying amounts reflected in the accompanying consolidated balance sheet of financial assets and accounts payable approximate their respective fair values due to the short maturity of these instruments. The fair value of long-term bank loans with variable interest rates approximate the recorded values, generally due to their variable interest rates. The fair value of the interest rate swap agreements and the foreign currency agreements discussed in Note 19 above are determined through Level 2 of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements and are derived principally from or corroborated by observable market data, interest rates, yield curves and other items that allow value to be determined.

The fair value of the interest rate swap agreements discussed in Note 19(a) and (b) equates to the amount that would be paid by the Company to cancel the agreements. As at December 31, 2013 and 2014, the fair value of these interest rate swaps in aggregate amounted to a liability of $103,212 and $73,931, respectively.

The fair market value of the forward contracts discussed in note 19(c) determined through Level 2 of the fair value hierarchy as at December 31, 2013 and 2014, amounted to nil and a liability of $1,009, respectively.

The following tables summarize the hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique on a recurring basis as of the valuation date.

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	December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Recurring measurements:				
Interest rate swaps liability position	(103,212)		(103,212)	
Total	**(103,212)**		**(103,212)**	

	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Recurring measurements:				
Forward contracts liability position	(1,009)		(1,009)	
Interest rate swaps liability position	(73,931)		(73,931)	
Total	**(74,940)**		**(74,940)**	

21. Comprehensive Income / (Loss):

During the year ended December 31, 2012, Other comprehensive income decreased with net losses of $11,705 relating to: (i) the change of the fair value of derivatives that qualify for hedge accounting (loss of $51,386), net of the settlements to net income of derivatives that qualify for hedge accounting (gain of $42,877), (ii) the Net settlements on interest rate swaps qualifying for cash flow hedge ($3,196). During the year ended December 31, 2013, Other comprehensive income increased with net gains of $67,688 relating to (i) the change of the fair value of derivatives that qualify for hedge accounting (gain of $27,964), net of the settlements to net income of derivatives that qualify for hedge accounting (gain of $42,922), (ii) the net settlements of interest rate swaps qualifying for cash flow hedge associated with vessels under construction ($3,253) and (iii) the amounts reclassified from Net settlements on interest rate swaps qualifying for hedge accounting to depreciation ($55). During the year ended December 31, 2014, Other comprehensive income increased with net gains of $29,020 relating to (i) the change of the fair value of derivatives that qualify for hedge accounting (loss of $12,988), net of the settlements to net income of derivatives that qualify for hedge accounting (gain of $35,790), (ii) the net settlements of interest rate swaps qualifying for cash flow hedge associated with vessels under construction ($489), (iii) the amounts reclassified from Net settlements on interest rate swaps qualifying for hedge accounting to depreciation ($103) and (iv) the amounts reclassified from Net settlements on interest rate swaps qualifying for hedge accounting to Prepaid lease rentals ($6,604). For the years ended December 31, 2012, 2013 and 2014, total Comprehensive income amounted to $69,424, $170,775 and $144,107, respectively. The estimated net amount that is expected to be reclassified within the next 12 months from Accumulated Other Comprehensive Loss to earnings in respect of net settlements on interest rate swaps amounts to $30,393.

22. Subsequent Events:

(a) Declaration and payment of Dividends (preferred stock Series B and preferred stock Series C): On January 5, 2015, the Company declared a dividend of $953 or $0.476563 per share on its 7.625% Series B Preferred Stock and a dividend of $2,125 or $0.531250 per share on its 8.50% Series C Preferred Stock, for the period from October 15, 2014 to January 14, 2015, both paid on January 15, 2015.

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(b) Declaration and payment of Dividends (common stock): On January 6, 2015, the Company declared a dividend of $0.28 per share for the fourth quarter ended December 31, 2014, which was paid on February 4, 2015, to stockholders of record at the close of trading of the Company s common stock on the New York Stock Exchange on January 21, 2015.

(c) Amendment and restatement of Group Management Agreement: On March 3, 2015, the Company entered into an amended and restated management agreement with Costamare Shipping (Note 3(a)) which, among other things, (i) increases the flat fee for the supervision of newbuild vessels to $787.4 per vessel (from $700.0) and removes the annual 4% increase in such fee, (ii) beginning in the first quarter of 2015, provides for an annual fee payable to Costamare Shipping quarterly in arrears of (x) $2,500.0 and (y) 598,400 shares (which is equal to 0.8% of the issued and outstanding Company common stock as of January 1, 2015), which fee includes payment for the services of our executive officers (prior to 2015, the Company paid Costamare Shipping $1,000.0 annually for such services) and (iii) changes the term of the agreement such that it automatically renews for 10 consecutive one-year periods until December 31, 2025 (rather than five consecutive periods until December 31, 2020).