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## COSTAMARE INC. REPORTS RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2013

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**Athens, Greece, January 27, 2014** – Costamare Inc. (“Costamare” or the “Company”) (NYSE: CMRE) today reported unaudited financial results for the fourth quarter and the year ended December 31, 2013.

- Voyage revenues of \$112.5 million and \$414.2 million for the three months and the year ended December 31, 2013, respectively.
- Voyage revenues adjusted on a cash basis of \$116.8 million and \$429.2 million for the three months and the year ended December 31, 2013, respectively.
- Adjusted EBITDA of \$75.7 million and \$282.4 million for the three months and the year ended December 31, 2013, respectively.
- Net income of \$26.9 million and \$103.1 million for the three months and the year ended December 31, 2013, respectively.
- Net income available to common stockholders of \$25.9 million or \$0.35 per share and \$101.6 million or \$1.36 per share for the three months and the year ended December 31, 2013, respectively.
- Adjusted Net income available to common stockholders of \$30.5 million or \$0.41 per share and \$108.8 million or \$1.46 per share for the three months and the year ended December 31, 2013, respectively.

See “Financial Summary” and “Non-GAAP Measures” below for additional detail.

### **New Business Developments**

#### New Acquisitions

- We have ordered nine newbuilds with capacities between 9,000 and 14,000 TEU pursuant to our joint venture agreement with York Capital Management (“York”). The newbuilds are scheduled to be delivered between the 4th quarter of 2015 and the third quarter of 2016. The Company holds an equity interest ranging between 25% and 49% in each of the relevant vessel-owning entities. Long term time charters have been agreed for the five 14,000 TEU capacity newbuilds with members of the Evergreen Group (“Evergreen”) which represent total contracted revenue for the joint venture of \$ 850 million, assuming the exercise of the owner’s options.

#### Deliveries of existing orders

- In November 2013, the Company took delivery of the 8,827 TEU newbuild containership vessel *Vantage* built by Sungdong Shipbuilding and Marine Engineering in South Korea. Upon delivery, the vessel commenced its long term charter with Evergreen
- In January 2014, the Company took delivery of the 9,403 TEU newbuild containership vessel *MSC Azov* built by Shanghai Jiangnan Changxing Heavy Industry in China. Upon delivery, the vessel commenced its long term charter with MSC

### New Financing Arrangements

- In January 2014 we agreed with a leading Chinese financial institution the refinancing of three of our newbuildings, under a ten-year sale and leaseback transaction. The refinancing of the first vessel, the 9,403 TEU *MSC Azov*, became effective upon her delivery on January 14, 2014. Under the sale and leaseback transaction, the vessel will be chartered back on a bareboat basis to one of our subsidiaries and will remain on time charter to its current time charterer.

### New Chartering Arrangements

- In January 2014, the Company entered into an agreement to charter the 2010 built 8,531 TEU vessel *Navarino* for a period of approximately one year to MSC. The vessel is expected to be delivered to its charterers in March 2014.
- In October 2013, the Company entered into an agreement to extend the charter of the 1991 built 3,351 TEU vessel *Karmen* for a period of minimum two months and maximum six months with Sea Consortium at a daily rate of \$6,800, starting from November 15, 2013.

### **Preferred Share Offering**

- On January 21, 2014, the Company completed a public offering of 4.0 million shares of its 8.50% Series C Cumulative Redeemable Perpetual Preferred Stock (the “Series C Preferred Stock”). The gross proceeds from the offering before the underwriting discount and other offering expenses were \$100.0 million. We plan to use the net proceeds of this offering for general corporate purposes, including vessel acquisitions or investments under the Framework Agreement.

### **Dividend Announcements**

- On January 2, 2014, we declared a dividend of \$0.476563 per share of our Series B Preferred Stock paid on January 15, 2014, to holders of record on January 14, 2014.
- On January 6, 2014, we declared a dividend for the fourth quarter ended December 31, 2013, of \$0.27 per share of our common stock, payable on February 4, 2014, to stockholders of record at the close of trading of the Company’s common stock on the New York Stock Exchange on January 21, 2014. This will be the Company’s 13<sup>th</sup> consecutive quarterly dividend since it commenced trading on the New York Stock Exchange.

**Mr. Gregory Zikos, Chief Financial Officer of Costamare Inc., commented:**

“During the fourth quarter of the year, the Company delivered positive results while at the same time implementing its fleet renewal and expansion strategy.

Together with our partners we have ordered in total 9 newbuildings with deliveries starting from the end of 2015. Five 14,000 TEU ships have been chartered to Evergreen under long-term charters, representing total contracted revenues of approximately \$850 million.

Regarding our existing newbuilding program, we accepted delivery of the eight out of the ten newbuildings ordered in total. The remaining two deliveries are expected to take place in March and April of 2014.

On the financing front, we have agreed to refinance three of our newbuildings with a leading Chinese financial institution, and last week we completed a public offering of 4.0 million perpetual preferred shares, raising gross proceeds of \$100.0 million.

Regarding our chartering arrangements, our re-chartering risk is minimized. The charters for the vessels opening in 2014 account for approximately 3% of our 2014 contracted revenues.

Finally, on January 2, we declared a dividend on our Series B Preferred Stock, and on January 6, we declared a dividend on our common stock.

We are successfully executing on our growth strategy, having invested and placed orders together with our partners close to \$1.0 billion in new projects since the inception of our joint venture 8 months ago. This year also marks the 40<sup>th</sup> anniversary of Costamare. We feel we are well positioned to continue to grow selectively and on healthy grounds.”

## Financial Summary

(Expressed in thousands of U.S. dollars, except share and per share data):	Year ended December 31,		Three-month period ended December 31,	
	2012	2013	2012	2013
Voyage revenue	\$ 386,155	\$414,249	\$ 95,193	\$112,549
Accrued charter revenue (1)	\$ 6,261	\$14,976	\$ 2,352	\$4,303
Voyage revenue adjusted on a cash basis (2)	\$ 392,416	\$429,225	\$ 97,545	\$116,852
Adjusted EBITDA (3)	\$ 253,097	\$282,414	\$ 62,510	\$75,692
Adjusted Net Income available to common stockholders (3)	\$ 91,346	\$108,846	\$ 23,625	\$30,477
Weighted Average number of shares	67,612,842	74,800,000	73,658,696	74,800,000
Adjusted Earnings per share (3)	\$ 1.35	\$1.46	\$ 0.32	\$0.41
EBITDA (3)	\$ 242,880	\$275,119	\$ 61,816	\$71,116
Net Income	\$ 81,129	\$103,087	\$ 22,931	\$26,852
Net Income available to common stockholders	\$ 81,129	\$101,551	\$ 22,931	\$25,901
Weighted Average number of shares	67,612,842	74,800,000	73,658,696	74,800,000
Earnings per share	\$ 1.20	\$1.36	\$ 0.31	\$0.35

(1) Accrued charter revenue represents the difference between cash received during the period and revenue recognized on a straight-line basis. In the early years of a charter with escalating charter rates, voyage revenue will exceed cash received during the period, and during the last years of such charter cash received will exceed revenue recognized on a straight line basis

(2) Voyage revenue adjusted on a cash basis represents Voyage revenue after adjusting for non-cash "Accrued charter revenue" recorded under charters with escalating charter rates. However, Voyage revenue adjusted on a cash basis is not a recognized measurement under U.S. generally accepted accounting principles, or "GAAP." We believe that the presentation of Voyage revenue adjusted on a cash basis is useful to investors because it presents the charter revenue for the relevant period based on the then current daily charter rates. The increases or decreases in daily charter rates under our charter party agreements are described in the notes to the "Fleet List" below.

(3) Adjusted net income, adjusted earnings per share, EBITDA and adjusted EBITDA are non-GAAP measures. Refer to the reconciliation of net income to adjusted net income and net income to EBITDA and adjusted EBITDA below.

### Non-GAAP Measures

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of these financial measures additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. Tables below set out supplemental financial data and corresponding reconciliations to GAAP financial measures for the years and three-month periods ended December 31, 2013 and December 31, 2012. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP. Non-GAAP financial measures include (i) Voyage revenue adjusted on a cash basis (reconciled above), (ii) Adjusted Net Income, (iii) Adjusted earnings per share, (iv) EBITDA and (v) Adjusted EBITDA.

## Reconciliation of Net Income to Adjusted Net Income available to common stockholders

(Expressed in thousands of U.S. dollars, except share and per share data)	Year ended December 31,		Three-month period ended December 31,	
	2012	2013	2012	2013
<b>Net Income</b>	\$ 81,129	\$ 103,087	\$ 22,931	\$ 26,852
Distributed earnings allocated to Preferred Stock	-	(1,536)	-	(951)
<b>Net Income available to common stockholders</b>	81,129	101,551	22,931	25,901
Accrued charter revenue	6,261	14,976	2,352	4,303
(Gain)/ Loss on sale/disposal of vessels	2,796	(518)	(1,500)	-
Realized (Gain)/ Loss on Euro/USD forward contracts	698	(615)	(299)	-
(Gain)/ Loss on derivative instruments	462	(6,548)	141	273
<b>Adjusted Net income available to common stockholders</b>	\$ 91,346	\$ 108,846	\$ 23,625	\$ 30,477
<b>Adjusted Earnings per Share</b>	\$ 1.35	\$ 1.46	\$ 0.32	\$ 0.41
Weighted average number of shares	67,612,842	74,800,000	73,658,696	74,800,000

Adjusted Net income and Adjusted Earnings per Share represent net income before non-cash “Accrued charter revenue” recorded under charters with escalating charter rates, gain/ (loss) on sale/ disposal of vessels, realized (gain) /loss on Euro/USD forward contracts and non-cash changes in fair value of derivatives. “Accrued charter revenue” is attributed to the timing difference between the revenue recognition and the cash collection. However, Adjusted Net income and Adjusted Earnings per Share are not recognized measurements under U.S. generally accepted accounting principles, or “GAAP.” We believe that the presentation of Adjusted Net income and Adjusted Earnings per Share are useful to investors because they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We also believe that Adjusted Net income and Adjusted Earnings per Share are useful in evaluating our ability to service additional debt and make capital expenditures. In addition, we believe that Adjusted Net income and Adjusted Earnings per Share are useful in evaluating our operating performance and liquidity position compared to that of other companies in our industry because the calculation of Adjusted Net income and Adjusted Earnings per Share generally eliminates the effects of the accounting effects of capital expenditures and acquisitions, certain hedging instruments and other accounting treatments, items which may vary for different companies for reasons unrelated to overall operating performance and liquidity. In evaluating Adjusted Net income and Adjusted Earnings per Share, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted Net income and Adjusted Earnings per Share should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

## Reconciliation of Net Income to Adjusted EBITDA

(Expressed in thousands of U.S. dollars)	Year ended December 31,		Three-month period ended December 31,	
	2012	2013	2012	2013
<b>Net Income</b>	\$ 81,129	\$ 103,087	\$ 22,931	\$ 26,852
Interest and finance costs	74,734	74,533	16,894	17,610
Interest income	(1,495)	(543)	(322)	(95)
Depreciation	80,333	89,958	20,151	24,800
Amortization of dry-docking and special survey costs	8,179	8,084	2,162	1,949
<b>EBITDA</b>	<b>242,880</b>	<b>275,119</b>	<b>61,816</b>	<b>71,116</b>
Accrued charter revenue	6,261	14,976	2,352	4,303
(Gain)/ Loss on sale/disposal of vessels	2,796	(518)	(1,500)	-
Realized (Gain)/ Loss on Euro/USD forward contracts	698	(615)	(299)	-
Gain/ (Loss) on derivative instruments	462	(6,548)	141	273
<b>Adjusted EBITDA</b>	<b>\$ 253,097</b>	<b>\$ 282,414</b>	<b>\$ 62,510</b>	<b>\$ 75,692</b>

EBITDA represents net income before interest and finance costs, interest income, depreciation and amortization of deferred dry-docking and special survey costs. Adjusted EBITDA represents net income before interest and finance costs, interest income, depreciation, amortization of deferred dry-docking and special survey costs, non-cash "Accrued charter revenue" recorded under charters with escalating charter rates, gain/ (loss) on sale/disposal of vessels, realized gain/ (loss) on Euro/USD forward contracts and non-cash changes in fair value of derivatives. "Accrued charter revenue" is attributed to the time difference between the revenue recognition and the cash collection. However, EBITDA and Adjusted EBITDA are not recognized measurements under U.S. generally accepted accounting principles, or "GAAP." We believe that the presentation of EBITDA and Adjusted EBITDA are useful to investors because they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We also believe that EBITDA and Adjusted EBITDA are useful in evaluating our ability to service additional debt and make capital expenditures. In addition, we believe that EBITDA and Adjusted EBITDA are useful in evaluating our operating performance and liquidity position compared to that of other companies in our industry because the calculation of EBITDA and Adjusted EBITDA generally eliminates the effects of financings, income taxes and the accounting effects of capital expenditures and acquisitions, items which may vary for different companies for reasons unrelated to overall operating performance and liquidity. In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Note: Items to consider for comparability include gains and charges. Gains positively impacting net income are reflected as deductions to net income. Charges negatively impacting net income are reflected as increases to net income.

## Results of Operations

### *Three-month period ended December 31, 2013 compared to the three-month period ended December 31, 2012*

During the three-month periods ended December 31, 2013 and 2012, we had an average of 51.6 and 47.0 vessels, respectively, in our fleet. In the three-month period ended December 31, 2013, we accepted delivery of the newbuild vessel *Vantage* with a TEU capacity of 8,827. In the three-month period ended December 31, 2012, no vessels were acquired or sold. In the three-month periods ended December 31, 2013 and 2012, our fleet ownership days totaled 4,746 and 4,324 days, respectively. Ownership days are the primary driver of voyage revenue and vessels' operating expenses and represent the aggregate number of days in a period during which each vessel in our fleet is owned.

(Expressed in millions of U.S. dollars, except percentages)	Three-month period ended December 31,		Change	Percentage Change
	2012	2013		
Voyage revenue	\$ 95.2	\$ 112.5	\$ 17.3	18.2%
Voyage expenses	(1.5)	(1.0)	(0.5)	(33.3%)
Voyage expenses – related parties	(0.7)	(0.9)	0.2	28.6%
Vessels operating expenses	(27.8)	(30.1)	2.3	8.3%
General and administrative expenses	(1.0)	(5.2)	4.2	420.0%
Management fees – related parties	(3.8)	(4.2)	0.4	10.5%
Amortization of dry-docking and special survey costs	(2.2)	(1.9)	(0.3)	(13.6%)
Depreciation	(20.2)	(24.8)	4.6	22.8%
Gain on sale / disposal of vessels	1.5	-	(1.5)	(100.0%)
Foreign exchange losses	(0.1)	(0.1)	-	-
Interest income	0.3	0.1	(0.2)	(66.7%)
Interest and finance costs	(16.9)	(17.6)	0.7	4.1%
Equity gain on investments	-	0.4	0.4	100.0%
Other	0.2	-	(0.2)	(100.0%)
Loss on derivative instruments	(0.1)	(0.3)	0.2	200.0%
<b>Net Income</b>	<b>\$ 22.9</b>	<b>\$ 26.9</b>		

(Expressed in millions of U.S. dollars, except percentages)	Three-month period ended December 31,		Change	Percentage Change
	2012	2013		
Voyage revenue	\$ 95.2	\$ 112.5	\$ 17.3	18.2%
Accrued charter revenue	2.4	4.3	1.9	79.2%
Voyage revenue adjusted on a cash basis	<u>\$ 97.6</u>	<u>\$ 116.8</u>	\$ 19.2	19.7%

Fleet operational data	Three-month period ended December 31,		Change	Percentage Change
	2012	2013		
Average number of vessels	47.0	51.6	4.6	9.8%
Ownership days	4,324	4,746	422	9.8%
Number of vessels under dry-docking	3	1	(2)	

### *Voyage Revenue*

Voyage revenue increased by 18.2%, or \$17.3 million, to \$112.5 million during the three-month period ended December 31, 2013, from \$95.2 million during the three-month period ended December 31, 2012. This increase was mainly due to (i) revenue earned by the newbuild vessels delivered to us during the year ended December 31, 2013; partly offset by (ii) decreased charter rates in certain of our vessels during the three-month period ended December 31, 2013, compared to the three-month period ended December 31, 2012, and (iii) revenues not earned by vessels which were sold for scrap during the year ended December 31, 2013.

Voyage revenue adjusted on a cash basis (which eliminates non-cash “Accrued charter revenue”), increased by 19.7%, or \$19.2 million, to \$116.8 million during the three-month period ended December 31, 2013, from \$97.6 million during the three-month period ended December 31, 2012. This increase was mainly due to (i) revenue earned by the newbuild vessels delivered to us during the year ended December 31, 2013; partly offset by (ii) decreased charter rates in certain of our vessels during the three-month period ended December 31, 2013, compared to the three-month period ended December 31, 2012, and (iii) revenues not earned by vessels which were sold for scrap during the year ended December 31, 2013.

### *Voyage Expenses*

Voyage expenses decreased by 33.3% or \$0.5 million, to \$1.0 million during the three-month period ended December 31, 2013, from \$1.5 million during the three-month period ended December 31, 2012. Voyage expenses mainly include (i) off-hire expenses of our fleet, mainly related to fuel consumption and (ii) third party commissions. The decrease during the three-month period ended December 31, 2013, compared to the three-month period ended December 31, 2012, was mainly attributable to the decreased off-hire expenses, mainly relating to bunkers consumption.

### *Voyage Expenses – related parties*

Voyage expenses – related parties in the amount of \$0.9 million during the three-month period ended December 31, 2013 and in the amount of \$0.7 million during the three-month period ended December 31, 2012, represent fees of 0.75% on voyage revenues charged to us by Costamare Shipping Company S.A. as provided under our group management agreement.

### *Vessels’ Operating Expenses*

Vessels’ operating expenses, which also include the realized gain / (loss) under derivative contracts entered into in relation to foreign currency exposure, increased by 8.3%, or \$2.3 million, to \$30.1 million during the three-month period ended December 31, 2013, from \$27.8 million during the three-month period ended December 31, 2012. The increase was partly attributable to the increased ownership days of our fleet during the three-month period ended December 31, 2013 compared to the three-month period ended December 31, 2012.

### *General and Administrative Expenses*

General and administrative expenses increased by \$4.2 million, to \$5.2 million during the three-month period ended December 31, 2013, from \$1.0 million during the three-month period ended December 31, 2012. General and administrative expenses for the three-month periods ended December 31, 2013 and 2012, included \$0.25 million in each period for the services of the Company’s officers in aggregate charged to us by Costamare Shipping Company S.A. as provided under our group management agreement.

### *Management Fees – related parties*

Management fees paid to our managers increased by 10.5%, or \$0.4 million, to \$4.2 million during the three-month period ended December 31, 2013, from \$3.8 million during the three-month period ended December 31, 2012. The increase was primarily attributable to (i) the inflation related upward adjustment by 4% of the management fee for each vessel (effective January 1, 2013), as provided under our group management agreement and (ii) the increased average number of vessels



during the three-month period ended December 31, 2013, compared to the three-month period ended December 31, 2012.

#### *Amortization of Dry-docking and Special Survey Costs*

Amortization of deferred dry-docking and special survey costs was \$1.9 million for the three-month period ended December 31, 2013 and \$2.2 million for the three-month period ended December 31, 2012. During the three-month periods ended December 31, 2013 and 2012, one vessel and three vessels, respectively, underwent and completed their special survey.

#### *Depreciation*

Depreciation expense increased by 22.8%, or \$4.6 million, to \$24.8 million during the three-month period ended December 31, 2013, from \$20.2 million during the three-month period ended December 31, 2012. The increase was mainly attributable to the depreciation expense charged for the seven newbuilding vessels delivered to us during the year ended December 31, 2013, partly offset by the depreciation expense not charged for the vessels sold for scrap during the year ended December 31, 2013.

#### *Gain on Sale/Disposal of Vessels*

During the three-month period ended December 31, 2013, no vessels were sold. During the three-month period ended December 31, 2012, we recorded a book gain of \$1.5 million from the effect of the partial reversal of a provision recorded in 2011 for costs associated with the grounding of the vessel *Rena*.

#### *Foreign Exchange Losses*

Foreign exchange losses were \$0.1 million during the three-month period ended December 31, 2013 and \$0.1 million during the three-month period ended December 31, 2012.

#### *Interest Income*

Interest income decreased by 66.7% or \$0.2 million, to \$0.1 million during the three-month period ended December 31, 2013, from \$0.3 million during the three-month period ended December 31, 2012. The decrease was mainly attributable to the decreased average cash balance during the three-month period ended December 31, 2013, compared to the three-month period ended December 31, 2012.

#### *Interest and Finance Costs*

Interest and finance costs increased by 4.1%, or \$0.7 million, to \$17.6 million during the three-month period ended December 31, 2013, from \$16.9 million during the three-month period ended December 31, 2012. The increase was mainly attributable to the increased interest expense charged to the consolidated income statement in relation with the loan facilities of the seven newbuild vessels which were delivered to us during the year ended December 31, 2013; partly offset by the decreased loan commitment fees charged to us during the three-month period ended December 31, 2013, compared to the three-month period ended December 31, 2012.

#### *Equity Gain on Investments*

The equity gain on investments of \$0.4 million for the three month period ended December 31, 2013, represents our share of the net earnings of thirteen jointly owned companies pursuant to the Framework Agreement with York. We hold a range of 25% to 49% of the capital stock of these companies.

#### *Loss on Derivative Instruments*

The fair value of our 27 interest rate derivative instruments which were outstanding as of December 31, 2013, equates to the amount that would be paid by us or to us should those instruments be terminated. As of December 31, 2013, the fair value of these 27 interest rate derivative instruments in aggregate amounted to a liability of \$103.2 million. Twenty-six of the 27 interest rate derivative

instruments that were outstanding as at December 31, 2013, qualified for hedge accounting and the effective portion of the change in their fair value is recorded in “Other Comprehensive Income” (“OCI”). For the three-month period ended December 31, 2013, a net gain of \$12.0 million has been included in “OCI” and a net loss of \$0.3 million has been included in “Gain/ (Loss) on derivative instruments” in the consolidated statement of income, resulting from the fair market value change of the interest rate derivative instruments during the three-month period ended December 31, 2013.

## Cash Flows

### *Three-month periods ended December 31, 2013 and 2012*

<b>Condensed cash flows</b>	<b>Three-month period ended</b>	
	<b>December 31,</b>	
(Expressed in millions of U.S. dollars)	<b>2012</b>	<b>2013</b>
Net Cash Provided by Operating Activities	\$ 44.7	\$57.8
Net Cash Used in Investing Activities	\$ (74.5)	\$(107.9)
Net Cash Provided by Financing Activities	\$ 80.0	\$23.1

### *Net Cash Provided by Operating Activities*

Net cash flows provided by operating activities for the three-month period ended December 31, 2013, increased by \$13.1 million to \$57.8 million, compared to \$44.7 million for the three-month period ended December 31, 2012. The increase was primarily attributable to increased cash from operations of \$19.3 million due to cash generated from the chartering of the seven newbuild vessels delivered to us during the year ended December 31, 2013 and to decreased dry-docking payments of \$2.3 million, partly offset by unfavorable change in working capital position, excluding the current portion of long-term debt and the accrued charter revenue (representing the difference between cash received in that period and revenue recognized on a straight-line basis) of \$5.1 million.

### *Net Cash Used in Investing Activities*

Net cash used in investing activities was \$107.9 million in the three-month period ended December 31, 2013, which primarily consisted of \$108.1 million advance payments for the construction and purchase of three newbuild vessels.

Net cash used in investing activities was \$74.5 million in the three-month period ended December 31, 2012, which mainly consisted of (a) \$82.1 million advance payments for the construction and purchase of five newbuild vessels and (b) \$7.9 million advance payment we received from the sale of one vessel for scrap which was delivered to her scrap buyers in January 2013.

### *Net Cash Provided By Financing Activities*

Net cash provided by financing activities was \$23.1 million in the three-month period ended December 31, 2013, which mainly consisted of (a) \$43.2 million of indebtedness that we repaid, (b) \$91.5 million we drew down from two of our credit facilities (c) \$20.2 million we paid for dividends to our stockholders for the third quarter of 2013 and (d) \$0.7 million we paid for dividends to holders of our 7.625% Series B Cumulative Redeemable Perpetual Preferred Shares for the period from August 6, 2013 to October 14, 2014.

Net cash provided by financing activities was \$80.0 million in the three-month period ended December 31, 2012, which mainly consisted of (a) \$40.8 million of indebtedness that we repaid, (b) \$47.5 million we drew down from three of our credit facilities, (c) \$20.2 million we paid for dividends to our stockholders for the third quarter of the year 2012 and (d) \$93.5 million net proceeds we received from our follow-on offering in October 2012, net of underwriting discounts and expenses incurred in the offering.

## Results of Operations

### *Year ended December 31, 2013 compared to the year ended December 31, 2012*

During the year ended December 31, 2013 and 2012, we had an average of 49.6 and 46.8 vessels, respectively, in our fleet. In the year ended December 31, 2013, we accepted delivery of the newbuild vessels *MSC Athens*, *MSC Athos*, *Valor*, *Value*, *Valiant*, *Valence* and *Vantage* with an aggregate TEU capacity of 61,789TEU and the secondhand vessel *Venetiko* with a TEU capacity of 5,928 and we sold three vessels, the *MSC Washington*, *MSC Austria* and *MSC Antwerp* with an aggregate TEU capacity of 11,343. In the year ended December 31, 2012, we accepted delivery of five secondhand vessels *MSC Ulsan*, *Koroni*, *Kyparissia*, *Stadt Luebeck* and *Messini* with an aggregate TEU capacity of 15,352 and we sold four vessels *Gather*, *Gifted*, *Genius I* and *Horizon* with an aggregate TEU capacity of 9,834. In the years ended December 31, 2013 and 2012, our fleet ownership days totaled 18,119 and 17,113 days, respectively. Ownership days are the primary driver of voyage revenue and vessels operating expenses and represent the aggregate number of days in a period during which each vessel in our fleet is owned.

(Expressed in millions of U.S. dollars, except percentages)	<u>Year ended December 31,</u>		<b>Change</b>	<b>Percentage Change</b>
	<u>2012</u>	<u>2013</u>		
Voyage revenue	\$ 386.2	414.2	\$ 28.0	7.3%
Voyage expenses	(5.5)	(3.5)	(2.0)	(36.4%)
Voyage expenses – related parties	(2.9)	(3.1)	0.2	6.9%
Vessels operating expenses	(112.5)	(116.0)	3.5	3.1%
General and administrative expenses	(4.0)	(8.5)	4.5	112.5%
Management fees – related parties	(15.2)	(16.6)	1.4	9.2%
Amortization of dry-docking and special survey costs	(8.2)	(8.1)	(0.1)	(1.2%)
Depreciation	(80.3)	(89.9)	9.6	12.0%
Gain/ (Loss) on sale/disposal of vessels	(2.8)	0.5	3.3	117.9%
Foreign exchange gains	0.1	-	(0.1)	(100.0%)
Interest income	1.5	0.6	(0.9)	(60.0%)
Interest and finance costs	(74.7)	(74.5)	(0.2)	(0.3%)
Equity gain on investments	-	0.7	0.7	100.0%
Other	(0.1)	0.8	0.9	900.0%
Gain/ (Loss) on derivative instruments	(0.5)	6.5	7.0	1,400.0%
<b>Net Income</b>	<u>\$ 81.1</u>	<u>\$ 103.1</u>		

(Expressed in millions of U.S. dollars, except percentages)	<u>Year ended December 31,</u>		<b>Change</b>	<b>Percentage Change</b>
	<u>2012</u>	<u>2013</u>		
Voyage revenue	\$ 386.2	\$ 414.2	\$ 28.0	7.3%
Accrued charter revenue	6.2	15.0	8.8	141.9%
Voyage revenue adjusted on a cash basis	<u>\$ 392.4</u>	<u>\$ 429.2</u>	\$ 36.8	9.4%

Fleet operational data	Year ended December 31,		Change	Percentage Change
	2012	2013		
Average number of vessels	46.8	49.6	2.8	6.0%
Ownership days	17,113	18,119	1,006	5.9%
Number of vessels under dry-docking	9	8	(1)	

#### *Voyage Revenue*

Voyage revenue increased by 7.3%, or \$28.0 million, to \$414.2 million during the year ended December 31, 2013, from \$386.2 million during the year ended December 31, 2012. This increase was mainly attributable to (i) revenue earned by the newbuild vessels delivered to us during the year ended December 31, 2013; partly offset by (ii) decreased charter rates in certain of our vessels during the year ended December 31, 2013, compared to the year ended December 31, 2012, and (iii) revenues not earned by vessels which were sold for scrap during the years ended December 31, 2013 and 2012.

Voyage revenue adjusted on a cash basis (which eliminates non-cash “Accrued charter revenue”), increased by 9.4%, or \$36.8 million, to \$429.2 million during the year ended December 31, 2013, from \$392.4 million during the year ended December 31, 2012. This increase was mainly attributable to (i) revenue earned by the newbuild vessels delivered to us during the year ended December 31, 2013; partly offset by (ii) decreased charter rates in certain of our vessels during the year ended December 31, 2013, compared to the year ended December 31, 2012, and (iii) revenues not earned by vessels which were sold for scrap during the years ended December 31, 2013 and 2012.

#### *Voyage Expenses*

Voyage expenses decreased by 36.4%, or \$2.0 million, to \$3.5 million during the year ended December 31, 2013, from \$5.5 million during the year ended December 31, 2012. The decrease was primarily attributable to the decreased off-hire expenses of our fleet, mainly bunkers consumption and by the decreased third party commissions charged to us during the year ended December 31, 2013, compared to the year ended December 31, 2012.

#### *Voyage Expenses – related parties*

Voyage expenses – related parties increased by 6.9% or \$0.2 million to \$3.1 million during the year ended December 31, 2013, from \$2.9 million during the year ended December 31, 2012 and represent fees of 0.75% on voyage revenues charged to us by Costamare Shipping Company S.A. as provided under our group management agreement.

#### *Vessels’ Operating Expenses*

Vessels’ operating expenses, which also includes the realized gain /(loss) under derivative contracts entered into in relation to foreign currency exposure, increased by 3.1% or \$3.5 million to \$116.0 million during the year ended December 31, 2013, from \$112.5 million during the year ended December 31, 2012. The increase was mainly attributable to the increased ownership days of our fleet during the year ended December 31, 2013 compared to the year ended December 31, 2012.

#### *General and Administrative Expenses*

General and administrative expenses increased by \$4.5 million, to \$8.5 million during the year ended December 31, 2013, from \$4.0 million during the year ended December 31, 2012. Furthermore, General and administrative expenses for the years ended December 31, 2013 and December 31, 2012, include \$1.0 million in each period for the services of the Company’s officers in aggregate charged to us by Costamare Shipping Company S.A. as provided under our group management agreement.

#### *Management Fees – related parties*

Management fees paid to our managers increased by 9.2%, or \$1.4 million, to \$16.6 million during the year ended December 31, 2013, from \$15.2 million during the year ended December 31, 2012. The increase was primarily attributable to (i) the inflation related upward adjustment by 4% of the management fee for each vessel (effective January 1, 2013), as provided under our group management agreement and (ii) the increased average number of vessels during the year ended December 31, 2013, compared to the year ended December 31, 2012.

#### *Amortization of Dry-docking and Special Survey Costs*

Amortization of deferred dry-docking and special survey costs for the years ended December 31, 2013 and 2012 was \$8.1 million and \$8.2 million, respectively. During the years ended December 31, 2013 and 2012, eight vessels and nine vessels, respectively, underwent their special survey.

#### *Depreciation*

Depreciation expense increased by 12.0%, or \$9.6 million, to \$89.9 million during the year ended December 31, 2013, from \$80.3 million during the year ended December 31, 2012. The increase was primarily attributable to the depreciation expense charged for the seven newbuild vessels delivered to us during the year ended December 31, 2013.

#### *Gain/ (Loss) on Sale/Disposal of Vessels*

During the year ended December 31, 2013, we recorded a net gain of \$0.5 million from the sale of three vessels. During the year ended December 31, 2012, we recorded a net loss of \$2.8 million mainly from the sale of four vessels (including the effect of the partial reversal of a provision recorded in 2011 for costs associated with the grounding of the vessel *Rena*).

#### *Foreign Exchange Gains*

Foreign exchange gains amounted to nil and \$0.1 million during the years ended December 31, 2013 and 2012, respectively.

#### *Interest Income*

During the year ended December 31, 2013, interest income decreased by 60.0%, or \$0.9 million, to \$0.6 million from \$1.5 million during the year ended December 31, 2012.

#### *Interest and Finance Costs*

Interest and finance costs decreased by 0.3%, or \$0.2 million, to \$74.5 million during the year ended December 31, 2013, from \$74.7 million during the year ended December 31, 2012. The decrease was mainly attributable to (i) the capitalized interest in relation with our newbuilding program, (ii) the decreased commitment fees charged to us; partly offset by the increased interest expense charged to our consolidated income statement in relation with the loan facilities of the seven newbuild vessels which were delivered to us during the year ended December 31, 2013.

#### *Equity Gain on Investments*

The equity gain on investments of \$0.7 million represents our share of the net earnings of thirteen jointly owned companies formed pursuant to the Framework Agreement with York. We hold a range of 25% to 49% of the capital stock of each company.

#### *Gain / (Loss) on Derivative Instruments*

The fair value of our 27 interest rate derivative instruments which were outstanding as of December 31, 2013, equates to the amount that would be paid by us or to us should those instruments be terminated. As of December 31, 2013, the fair value of these 27 interest rate derivative instruments in aggregate amounted to a liability of \$103.2 million. Twenty-six of the 27 interest rate derivative

instruments that were outstanding as at December 31, 2013, qualified for hedge accounting and the effective portion of the change in their fair value is recorded in “Other Comprehensive Income” (“OCI”). For the year ended December 31, 2013, a gain of \$71.1 million has been included in “OCI” and a net gain of \$6.5 million has been included in “Gain/ (Loss) on derivative instruments” in the consolidated statement of income, resulting from the fair market value change of the interest rate derivative instruments during the year ended December 31, 2013.

## Cash Flows

### *Year ended December 31, 2013 and 2012*

<b>Condensed cash flows</b> <b>(Expressed in millions of U.S. dollars)</b>	<b>Year ended December 31,</b>	
	<b>2012</b>	<b>2013</b>
Net Cash Provided by Operating Activities	\$ 168.1	\$186.7
Net Cash Used in Investing Activities	\$ (236.5)	\$(621.1)
Net Cash Provided by Financing Activities	\$ 237.7	260.4

### *Net Cash Provided by Operating Activities*

Net cash flows provided by operating activities for the year ended December 31, 2013, increased by \$18.6 million to \$186.7 million, compared to \$168.1 million for the year ended December 31, 2012. The increase was primarily attributable to increased cash from operations of \$36.8 million due to cash generated from the charters of the seven newbuild vessels delivered to us during the year ended December 31, 2013 and to decreased dry-docking payments of \$5.0 million, partly offset by unfavorable change in working capital position, excluding the current portion of long-term debt and the accrued charter revenue (representing the difference between cash received in that period and revenue recognized on a straight-line basis) of \$20.1 million and increased payments for interest (including swap payments) of \$2.7 million.

### *Net Cash Used in Investing Activities*

Net cash used in investing activities was \$621.1 million in the year ended December 31, 2013, which consisted primarily of (a) \$590.4 million advance payments for the construction and purchase of ten newbuild vessels, (b) \$51.9 million in payments for the acquisition of four secondhand vessels, (c) \$8.7 million in payments, pursuant to the Framework Agreement with York, to hold a minority equity interest in jointly-owned companies, (d) \$13.9 million net proceeds we received from the sale for scrap of *MSC Antwerp* and *MSC Austria* (including \$0.6 million in payments for expenses related to the sale of *MSC Washington*) and (e) \$16.0 million we received, pursuant to the Framework Agreement with York, for York’s 51% equity interest in the ship-owning companies of the vessels *Petalidi*, *Ensenada Express* and *X-Press Padma* and for initial working capital for such ship-owning companies.

Net cash used in investing activities was \$236.5 million in the year ended December 31, 2012, which consisted of (a) \$191.2 million advance payments for the construction and purchase of ten newbuild vessels, (b) \$74.1 million in payments for the acquisition of five secondhand vessels and (c) \$28.7 million we received from the sale of four vessels, including the advance payment we received from the sale of one vessel for scrap which was delivered to her scrap buyers in January 2013.

### ***Net Cash Provided By Financing Activities***

Net cash provided by financing activities was \$260.4 million in the year ended December 31, 2013, which mainly consisted of (a) \$163.7 million of indebtedness that we repaid, (b) \$469.4 million we drew down from four of our credit facilities, (c) \$80.8 million we paid for dividends to our stockholders for the fourth quarter of the year ended December 31, 2012, and the first, second and third quarters of 2013, (d) \$48.0 million net proceeds we received from our public offering in August 2013 of 2.0 million shares of our 7.625% Series B Cumulative Redeemable Perpetual Preferred Shares, net of underwriting discounts and expenses incurred in the offering and (e) \$0.7 million we paid for dividends to holders of our 7.625% Series B Cumulative Redeemable Perpetual Preferred Shares for the period from August 6, 2013 to October 14, 2013.

Net cash provided by financing activities was \$237.7 million in the year ended December 31, 2012, which mainly consisted of (a) \$170.2 million of indebtedness that we repaid, (b) \$288.6 million we drew down from six of our credit facilities, (c) \$73.1 million we paid for dividends to our stockholders for the fourth quarter of the year ended December 31, 2011, first quarter of the year 2012, the second quarter of the year 2012 and the third quarter of the year 2012 and (d) \$194.1 million net proceeds we received from our two follow-on offerings in March 2012 and October 2012, net of underwriting discounts and expenses incurred in the offerings.

### **Liquidity and Capital Expenditures**

#### ***Cash and cash equivalents***

As of December 31, 2013, we had a total cash liquidity of \$152.3 million, consisting of cash, cash equivalents and restricted cash.

#### ***Debt-free vessels***

As of January 27, 2014, the following vessels were free of debt.

#### **Unencumbered Vessels in the water**<sup>(\*)</sup> *(refer to fleet list on page 17 for full charter details)*

<u>Vessel Name</u>	<u>Year Built</u>	<u>TEU Capacity</u>
NAVARINO	2010	8,531
VENETIKO	2003	5,928
MESSINI	1997	2,458

(\*) Does not include three secondhand vessels acquired and nine newbuild vessels ordered pursuant to the Framework Agreement with York, which are also free of debt.

#### ***Capital commitments***

As of January 27, 2014, we had outstanding commitments relating to our contracted newbuilds, including the JV newbuilds, aggregating approximately \$382.6 million payable in installments until the vessels are delivered, which amount includes our interest in the relevant vessel-owning entities.

#### **Conference Call details:**

On Tuesday, January 28, 2014 at 8:30 a.m., ET, Costamare's management team will hold a conference call to discuss the financial results.

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1-866-524-3160 (from the US), 0808 238 9064 (from the UK) or +1-412-317-6760 (from outside the US). Please quote "Costamare".

A replay of the conference call will be available until February 28, 2014. The United States replay number is +1-877-344-7529; the standard international replay number is +1-412-317-0088, and the access code required for the replay is: 10039870.

**Live webcast:**

There will also be a simultaneous live webcast over the Internet, through the Costamare Inc. website ([www.costamare.com](http://www.costamare.com)) under the "Investors" section. Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

**About Costamare Inc.**

Costamare Inc. is one of the world's leading owners and providers of containerships for charter. The Company has 40 years of history in the international shipping industry and a fleet of 67 containerships, with a total capacity in excess of 438,000 TEU, including 11 newbuild containerships on order. Twelve of our containerships, including nine newbuilds, have been acquired pursuant to the Framework Agreement with York Capital Management by vessel-owning joint venture entities in which we hold a minority equity interest. The Company's common stock, Series B Preferred Stock and Series C Preferred Stock trade on the New York Stock Exchange under the symbols "CMRE", "CMRE PR B" and "CMRE PR C", respectively.

**Forward-Looking Statements**

This earnings release contains "forward-looking statements". In some cases, you can identify these statements by forward-looking words such as "believe", "intend", "anticipate", "estimate", "project", "forecast", "plan", "potential", "may", "should", "could" and "expect" and similar expressions. These statements are not historical facts but instead represent only Costamare's belief regarding future results, many of which, by their nature, are inherently uncertain and outside of Costamare's control. It is possible that actual results may differ, possibly materially, from those anticipated in these forward-looking statements. For a discussion of some of the risks and important factors that could affect future results, see the discussion in Costamare Inc.'s Annual Report on Form 20-F (File No. 001-34934) under the caption "Risk Factors".

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## Fleet List

The tables below provide additional information, as of January 27, 2014, about our fleet of containerships, including our newbuilds on order and the vessels acquired pursuant to the Framework Agreement with York. Each vessel is a cellular containership, meaning it is a dedicated container vessel.

	Vessel Name	Charterer	Year Built	Capacity (TEU)	Time Charter Term <sup>(1)</sup>	Current Daily Charter Rate (U.S. dollars)	Expiration of Charter <sup>(1)</sup>	Average Daily Charter Rate Until Earliest Expiry of Charter (U.S. dollars) <sup>(2)</sup>
1	COSCO GUANGZHOU	COSCO	2006	9,469	12 years	36,400	December 2017	36,400
2	COSCO NINGBO	COSCO	2006	9,469	12 years	36,400	January 2018	36,400
3	COSCO YANTIAN	COSCO	2006	9,469	12 years	36,400	February 2018	36,400
4	COSCO BEIJING	COSCO	2006	9,469	12 years	36,400	April 2018	36,400
5	COSCO HELLAS	COSCO	2006	9,469	12 years	37,519	May 2018	37,519
6	MSC AZOV	MSC	2014	9,403	10 years	43,000	November 2023	43,000
7	MSC ATHENS	MSC	2013	8,827	10 years	42,000	January 2023	42,000
8	MSC ATHOS	MSC	2013	8,827	10 years	42,000	February 2023	42,000
9	VALOR	Evergreen	2013	8,827	7 years <sup>(i)</sup>	41,700	April 2020 <sup>(i)</sup>	41,700
10	VALUE	Evergreen	2013	8,827	7 years <sup>(i)</sup>	41,700	April 2020 <sup>(i)</sup>	41,700
11	VALIANT	Evergreen	2013	8,827	7 years <sup>(i)</sup>	41,700	June 2020 <sup>(i)</sup>	41,700
12	VALENCE	Evergreen	2013	8,827	7 years <sup>(i)</sup>	41,700	July 2020 <sup>(i)</sup>	41,700
13	VANTAGE	Evergreen	2013	8,827	7 years <sup>(i)</sup>	41,700	September 2020 <sup>(i)</sup>	41,700
14	NAVARINO <sup>(ii)</sup>	MSC	2010	8,531	1.0 year		February 2015	
15	MAERSK KAWASAKI <sup>(iii)</sup>	A.P. Moller-Maersk	1997	7,403	10 years	37,000	December 2017	37,000
16	MAERSK KURE <sup>(iii)</sup>	A.P. Moller-Maersk	1996	7,403	10 years	37,000	December 2017	37,000
17	MAERSK KOKURA <sup>(iii)</sup>	A.P. Moller-Maersk	1997	7,403	10 years	37,000	February 2018	37,000
18	MSC METHONI	MSC	2003	6,724	10 years	29,000	September 2021	29,000
19	SEALAND NEW YORK	A.P. Moller-Maersk	2000	6,648	11 years	30,375 <sup>(3)</sup>	March 2018	26,387
20	MAERSK KOBE	A.P. Moller-Maersk	2000	6,648	11 years	38,179 <sup>(4)</sup>	May 2018	27,296
21	SEALAND WASHINGTON	A.P. Moller-Maersk	2000	6,648	11 years	30,375 <sup>(5)</sup>	June 2018	26,655
22	SEALAND MICHIGAN	A.P. Moller-Maersk	2000	6,648	11 years	25,375 <sup>(6)</sup>	August 2018	25,984
23	SEALAND ILLINOIS	A.P. Moller-Maersk	2000	6,648	11 years	30,375 <sup>(7)</sup>	October 2018	26,877
24	MAERSK KOLKATA	A.P. Moller-Maersk	2003	6,644	11 years	38,865 <sup>(8)</sup>	November 2019	30,290
25	MAERSK KINGSTON	A.P. Moller-Maersk	2003	6,644	11 years	38,461 <sup>(9)</sup>	February 2020	30,671
26	MAERSK KALAMATA	A.P. Moller-Maersk	2003	6,644	11 years	38,418 <sup>(10)</sup>	April 2020	30,806
27	VENETIKO <sup>(iv)</sup>	PIL	2003	5,928	1.0 year	14,500	March 2014	14,500
28	ENSENADA EXPRESS <sup>(v)</sup>	Hapag Lloyd	2001	5,576	2.0 years	19,000	May 2015	19,000
29	MSC ROMANOS	MSC	2003	5,050	5.3 years	28,000	November 2016	28,000
30	ZIM NEW YORK	ZIM <sup>(**)</sup>	2002	4,992	13 years	23,150 <sup>(11)</sup>	September 2015	23,150 <sup>(11)</sup>
31	ZIM SHANGHAI	ZIM <sup>(**)</sup>	2002	4,992	13 years	23,150 <sup>(11)</sup>	September 2015	23,150 <sup>(11)</sup>
32	ZIM PIRAEUS <sup>(v)</sup>	ZIM <sup>(**)</sup>	2004	4,992	10 years	22,150 <sup>(12)</sup>	September 2015	24,844 <sup>(12)</sup>
33	OAKLAND EXPRESS	Hapag Lloyd	2000	4,890	8 years	30,500	September 2016	30,500
34	HALIFAX EXPRESS	Hapag Lloyd	2000	4,890	8 years	30,500	October 2016	30,500
35	SINGAPORE EXPRESS	Hapag Lloyd	2000	4,890	8 years	30,500	July 2016	30,500

Vessel Name	Charterer	Year Built	Capacity (TEU)	Time Charter Term <sup>(1)</sup>	Current Daily Charter Rate (U.S. dollars)	Expiration of Charter <sup>(1)</sup>	Average Daily Charter Rate Until Earliest Expiry of Charter (U.S. dollars) <sup>(2)</sup>	
36	MSC MANDRAKI	MSC	1988	4,828	7.8 years	20,000	August 2017	20,000
37	MSC MYKONOS	MSC	1988	4,828	8.2 years	20,000	September 2017	20,000
38	MSC ULSAN	MSC	2002	4,132	5.3 years	16,500	March 2017	16,500
39	MSC KYOTO	MSC	1981	3,876	9.5 years	13,500 <sup>(13)</sup>	September 2018	13,500
40	KORONI	Evergreen	1998	3,842	2 years	11,500	April 2014	11,500
41	KYPARISSIA	Evergreen	1998	3,842	2 years	11,500	May 2014	11,500
42	KARMEN	Sea Consortium	1991	3,351	1.7 years	6,800	January 2014	6,800
43	MARINA	Evergreen	1992	3,351	1.8 years	7,000	February 2014	7,000
44	KONSTANTINA		1992	3,351				
45	AKRITAS	Hapag Lloyd	1987	3,152	4 years	12,500	August 2014	12,500
46	MSC CHALLENGER	MSC	1986	2,633	4.8 years	10,000	July 2015	10,000
47	MESSINI	Evergreen	1997	2,458	1.5 years	8,100	February 2014	8,100
48	MSC REUNION <sup>(vi)</sup>	MSC	1992	2,024	6 years	11,500	June 2014	11,500
49	MSC NAMIBIA II <sup>(vi)</sup>	MSC	1991	2,023	6.8 years	11,500	July 2014	11,500
50	MSC SIERRA II <sup>(vi)</sup>	MSC	1991	2,023	5.7 years	11,500	June 2014	11,500
51	MSC PYLOS <sup>(vi)</sup>	MSC	1991	2,020	3 years	11,500	January 2014	11,500
52	X-PRESS PADMA <sup>(9)</sup>	Sea Consortium	1998	1,645	2.0 years	7,650 <sup>(14)</sup>	June 2015	8,023
53	PROSPER	COSCO	1996	1,504	1.0 year	7,350	March 2014	7,350
54	ZAGORA	MSC	1995	1,162	3.7 years	5,700	April 2015	5,700
55	PETALIDI <sup>(9)</sup>	CMA CGM	1994	1,162	1.0 years	6,300	June 2014	6,300
56	STADT LUEBECK	CMA CGM	2001	1,078	1.7 years	6,400 <sup>(15)</sup>	July 2014	6,400

#### Newbuilds

	Vessel Name	Shipyard	Charterer	Expected Delivery (based on latest shipyard schedule)
1	H1069A	Jiangnan Changxing	MSC	March 2014
2	H1070A	Jiangnan Changxing	MSC	April 2014
3	NCP0113 <sup>(9)</sup>	Hanjin Subic Bay		4 <sup>th</sup> Quarter 2015
4	NCP0114 <sup>(9)</sup>	Hanjin Subic Bay		1 <sup>st</sup> Quarter 2016
5	NCP0115 <sup>(9)</sup>	Hanjin Subic Bay		1 <sup>st</sup> Quarter 2016
6	NCP0116 <sup>(9)</sup>	Hanjin Subic Bay		2 <sup>nd</sup> Quarter 2016
7	S2121 <sup>(9)</sup>	Samsung Heavy	Evergreen	2 <sup>nd</sup> Quarter 2016
8	S2122 <sup>(9)</sup>	Samsung Heavy	Evergreen	2 <sup>nd</sup> Quarter 2016
9	S2123 <sup>(9)</sup>	Samsung Heavy	Evergreen	3 <sup>rd</sup> Quarter 2016
10	S2124 <sup>(9)</sup>	Samsung Heavy	Evergreen	3 <sup>rd</sup> Quarter 2016
11	S2125 <sup>(9)</sup>	Samsung Heavy	Evergreen	3 <sup>rd</sup> Quarter 2016

Our newbuilds on order have capacities ranging from approximately 9,000 to 14,000 TEU, with an aggregate capacity in excess of 125,000 TEU.

- (1) Charter terms and expiration dates are based on the earliest date charters could expire. Amounts set out for current daily charter rate are the amounts contained in the charter contracts.

- (2) This average rate is calculated based on contracted charter rates for the days remaining between January 27, 2014 and the earliest expiration of each charter. Certain of our charter rates change until their earliest expiration dates, as indicated in the footnotes below.
  - (3) This charter rate changes on May 8, 2014 to \$26,100 per day until the earliest redelivery date.
  - (4) This charter rate changes on June 30, 2014 to \$26,100 per day until the earliest redelivery date.
  - (5) This charter rate changes on August 24, 2014 to \$26,100 per day until the earliest redelivery date.
  - (6) This charter rate changes on October 20, 2014 to \$26,100 per day until the earliest redelivery date.
  - (7) This charter rate changes on December 4, 2014 to \$26,100 per day until the earliest redelivery date.
  - (8) This charter rate changes on January 13, 2016 to \$26,100 per day until the earliest redelivery date.
  - (9) This charter rate changes on April 28, 2016 to \$26,100 per day until the earliest redelivery date.
  - (10) This charter rate changes on June 11, 2016 to \$26,100 per day until the earliest redelivery date.
  - (11) We agreed to defer payment of 30% of the daily charter rate under our charter agreements until December 31, 2013, which the charterer is required to pay to us no later than July 2015. The charterer has the option to terminate the charter by giving six months' notice, in which case they will have to make a one-time payment which shall be the \$6.9 million reduced proportionately by the amount of time by which the original 3-year extension period is shortened. Although this deferral agreement expired as of December 31, 2013, we have continued negotiations with the charterer regarding a restructuring of the charter. See footnote (\*\*\*) below.
  - (12) This charter rate changes on May 9, 2014 to \$15,000 per day until the earliest redelivery date. We agreed to defer payment of 17.5% of the daily charter rate under our charter agreements until December 31, 2013, which the charterer is required to pay to us no later than July 2015. The charterer is required to pay approximately \$5.0 million no later than July 2016, representing accrued charter hire, the payment of which was deferred during the period July 2009 to December 2012. Although this deferral agreement expired as of December 31, 2013, we have continued negotiations with the charterer regarding a restructuring of the charter. See footnote (\*\*\*) below.
  - (13) As from December 1, 2012 until redelivery, the charter rate is to be a minimum of \$13,500 per day plus 50% of the difference between the market rate and the charter rate of \$13,500. The market rate is to be determined annually based on the Hamburg ConTex type 3500 TEU index published on October 1 of each year until redelivery.
  - (14) This charter rate changes on July 27, 2014 to \$8,225 per day until the earliest redelivery date.
  - (15) The charterer has a unilateral option to extend the charter of the vessel for a period of six months at a rate of \$8,500 per day.
    - (i) Assumes exercise of Owners unilateral options to extend the charter of these vessels for two one year periods.
    - (ii) The vessel is expected to be delivered to its Charterers on March 3, 2014.
    - (iii) The charterer has a unilateral option to extend the charter of the vessel for two periods of 30 months each +/-90 days on the final period performed, at a rate of \$41,700 per day.
    - (iv) The charterer has a unilateral option to extend the charter of the vessel for a period of 12 months at a rate of \$28,000 per day.
    - (v) The charterer has a unilateral option to extend the charter of the vessel for a period of 12 months +/-60 days at a rate of \$27,500 per day.
    - (vi) Owners have a unilateral option to extend the charters of the vessels for an additional period of two years at market rate, to be defined annually, based on the closest category on the Context index.
- (\*) Denotes vessels acquired pursuant to the Framework Agreement with York. The Company holds an equity interest ranging between 25% and 49% in each of the vessel-owning entities.
- (\*\*\*) ZIM is engaged in ongoing discussions with its creditors, including vessel and container lenders, shipowners, shipyards, unsecured lenders and bond holders, to restructure its debt and charter obligations. Costamare is participating in discussions with ZIM regarding concessions or modification to the existing charter arrangements with ZIM.

**COSTAMARE INC.**  
**Consolidated Statements of Income**

(Expressed in thousands of U.S. dollars, except share and per share amounts)	Year ended December 31,		Three-months ended December 31,	
	2012	2013	2012	2013
<b>REVENUES:</b>				
Voyage revenue	\$ 386,155	\$ 414,249	\$ 95,193	\$ 112,549
<b>EXPENSES:</b>				
Voyage expenses	(5,533)	(3,484)	(1,543)	(964)
Voyage expenses – related parties	(2,873)	(3,139)	(712)	(856)
Vessels' operating expenses	(112,462)	(115,998)	(27,762)	(30,094)
General and administrative expenses	(4,045)	(8,517)	(959)	(5,234)
Management fees - related parties	(15,171)	(16,580)	(3,753)	(4,277)
Amortization of dry-docking and special survey costs	(8,179)	(8,084)	(2,162)	(1,949)
Depreciation	(80,333)	(89,958)	(20,151)	(24,800)
Gain/ (Loss) on sale/disposals of vessels	(2,796)	518	1,500	-
Foreign exchange gains (losses)	110	8	(57)	(110)
<b>Operating income</b>	<b>\$ 154,873</b>	<b>\$ 169,015</b>	<b>\$ 39,594</b>	<b>\$ 44,265</b>
<b>OTHER INCOME (EXPENSES):</b>				
Interest income	\$ 1,495	\$ 543	\$ 322	\$ 95
Interest and finance costs	(74,734)	(74,533)	(16,894)	(17,610)
Equity gain on investments	-	692	-	397
Other	(43)	822	50	(22)
Gain/ (Loss) on derivative instruments	(462)	6,548	(141)	(273)
<b>Total other income (expenses)</b>	<b>\$ (73,744)</b>	<b>\$ (65,928)</b>	<b>\$ (16,663)</b>	<b>\$ (17,413)</b>
<b>Net Income</b>	<b>\$ 81,129</b>	<b>\$ 103,087</b>	<b>\$ 22,931</b>	<b>\$ 26,852</b>
Distributed earnings allocated to Preferred Stock	-	(1,536)	-	(951)
<b>Net Income available to common stockholders</b>	<b>\$ 81,129</b>	<b>\$ 101,551</b>	<b>\$ 22,931</b>	<b>\$ 25,901</b>
Earnings per common share, basic and diluted	\$ 1.20	\$ 1.36	\$ 0.31	\$ 0.35
Weighted average number of shares, basic and diluted	67,612,842	74,800,000	73,658,696	74,800,000

**COSTAMARE INC.**  
**Consolidated Balance Sheets**

(Expressed in thousands of U.S. dollars)

	<u>As of</u> <u>December 31,</u> <u>2012</u>	<u>As of</u> <u>December 31,</u> <u>2013</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 267,321	\$ 93,379
Restricted cash	5,330	9,067
Accounts receivable	2,237	16,145
Inventories	9,398	11,005
Due from related parties	2,616	2,679
Fair value of derivatives	165	-
Insurance claims receivable	1,454	1,429
Accrued charter revenue	5,100	409
Prepayments and other	1,862	2,450
Vessels held for sale	4,441	-
<b>Total current assets</b>	<u>\$ 299,924</u>	<u>\$ 136,563</u>
<b>FIXED ASSETS, NET:</b>		
Advances for vessels acquisitions	\$ 339,552	\$ 240,871
Vessels, net	1,582,345	2,187,388
<b>Total fixed assets, net</b>	<u>\$ 1,921,897</u>	<u>\$ 2,428,259</u>
<b>NON-CURRENT ASSETS:</b>		
Investment in affiliates	\$ -	\$ 23,732
Deferred charges, net	34,099	29,864
Accounts receivable, non current	-	7,334
Restricted cash	41,992	49,826
Accrued charter revenue	13,422	10,264
<b>Total assets</b>	<u><u>\$ 2,311,334</u></u>	<u><u>\$ 2,685,842</u></u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 162,169	\$ 206,717
Accounts payable	5,882	5,814
Accrued liabilities	9,292	14,386
Unearned revenue	5,595	9,601
Fair value of derivatives	55,701	55,322
Other current liabilities	10,772	3,140
<b>Total current liabilities</b>	<u>\$ 249,411</u>	<u>\$ 294,980</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term debt, net of current portion	\$ 1,399,720	\$ 1,660,859
Fair value of derivatives, net of current portion	125,110	47,890
Unearned revenue, net of current portion	16,641	25,164
<b>Total non-current liabilities</b>	<u>\$ 1,541,471</u>	<u>\$ 1,733,913</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock	\$ 8	\$ 8
Additional paid-in capital	714,100	762,142
Accumulated deficit	(40,814)	(20,047)
Accumulated other comprehensive loss	(152,842)	(85,154)
<b>Total stockholders' equity</b>	<u>\$ 520,452</u>	<u>\$ 656,949</u>
<b>Total liabilities and stockholders' equity</b>	<u><u>\$ 2,311,334</u></u>	<u><u>\$ 2,685,842</u></u>

