Costamare Inc.
Form F-3
November 19, 2018
As filed with the Securities and Exchange Commission on November 19, 2018

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM F-3
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

COSTAMARE INC.

(Exact Name of Registrant as Specified in its Charter)

Not Applicable
(Translation of Registrant's Name into English)

Republic of the Marshall Islands	**N/A**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

7 rue du Gabian
MC 98000 Monaco
+377 93 25 09 40
(Address and telephone number of Registrant's principal executive offices)

Puglisi & Associates

850 Library Avenue, Suite 204

Newark, Delaware 19711

(302) 738-6680
(Name, address and telephone number of agent for service)

With Copies to:

D. Scott Bennett, Esq.

Cravath, Swaine & Moore LLP

Worldwide Plaza

825 Eighth Avenue

New York, New York 10019

(212) 474-1000

Approximate Date of Commencement of Proposed Sale of the Securities to the Public: From time to time after the effective date of this Registration Statement.

If only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

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

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

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

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405. o

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. o

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered[(1)]**	**Proposed Maximum Aggregate Offering Price[(2)]**	**Amount of Registration Fee**
Common Stock, including preferred stock purchase rights, par value $0.0001 per share	$30,300,000	$30,300,000	$3,672.36[(2)]

(1) Including an indeterminate number of common stock that may be issued by Costamare Inc. with respect to such common stock by way of a stock dividend, stock split or in connection with a stock combination, recapitalization, merger, consolidation or otherwise. To the extent that separate consideration is received for any such securities, the aggregate amount of such consideration will be included in the aggregate offering price of all securities sold. Rights to purchase preferred stock initially will trade together with the common stock. The value attributable to the rights, if any, will be reflected in the price of the common stock.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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

SUBJECT TO COMPLETION, DATED NOVEMBER 19, 2018.

PROSPECTUS

$30,300,000

Common Stock

Costamare Inc.

This prospectus relates to the possible resale, from time to time, of up to $30,300,000 of shares of our common stock, par value $0.0001 per share, by the selling shareholders named herein or their pledgees, donees, transferees or other successors in interest. We will not receive any of the proceeds from any such sales of common stock. Such common stock may also be sold in transactions exempt from registration under the Securities Act of 1933 (the “Securities Act”), rather than under this prospectus.

The shares of common stock covered by this prospectus may be offered and sold from time to time in one or more transactions, which may be through one or more underwriters, dealers and agents, or directly to the purchasers. The names of any underwriters, dealers or agents, if any, will be included in a supplement to this prospectus. For additional information on the methods of sale that may be used by the selling shareholders, please read “Plan of Distribution”.

This prospectus describes some of the general terms that may apply to these shares of common stock and the general manner in which they may be offered. The specific terms of any common stock to be offered, and the specific manner in which they may be offered, may be described in one or more supplements to this prospectus. A prospectus

supplement may also add, update or change information contained in this prospectus.

Our common stock is traded on the New York Stock Exchange under the symbol “CMRE”.

Our principal executive offices are located at 7 rue du Gabian, MC 98000 Monaco. Our telephone number at such address is +377 93 25 09 40.

Investing in our securities involves risks. Before buying any securities you should carefully read the section entitled “Risk Factors” on page 3 of this prospectus.

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

The date of this prospectus is , 2018.

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FORWARD-LOOKING STATEMENTS

All statements in this prospectus (and in the documents incorporated by reference herein) that are not statements of historical fact are "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. The disclosure and analysis set forth in this prospectus includes assumptions, expectations, projections, intentions and beliefs about future events in a number of places, particularly in relation to our operations, cash flows, financial position, plans, strategies, business prospects, changes and trends in our business and the markets in which we operate. These statements are intended as "forward-looking statements". In some cases, predictive, future-tense or forward-looking words such as "believe", "intend", "anticipate", "estimate", "project", "forecast", "plan", "pote "may", "should", "could" and "expect" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. In addition, we and our representatives may from time to time make other oral or written statements which are forward-looking statements, including in our periodic reports that we file with the Securities and Exchange Commission (the "SEC"), other information sent to our security holders, and other written materials. We caution that these and other forward- looking statements included in this prospectus (and as of the date of the documents incorporated by reference herein) represent our estimates and assumptions as of the date of this prospectus (and in the documents incorporated by reference herein) or the date on which such oral or written statements are made, as applicable, about factors that are beyond our ability to control or predict, and are not intended to give any assurance as to future results.

Factors that might cause future results to differ include, but are not limited to, the following:

- general market conditions and shipping industry trends, including charter rates, vessel values and the future supply of, and demand for, ocean-going containership shipping services;
- our continued ability to enter into time charters with existing and new customers, and to re-charter our vessels upon the expiry of existing charters;
- our contracted charter revenue;
- our future financial condition and liquidity, including our ability to make required payments under our credit facilities, and comply with our loan covenants;
- our ability to finance our capital expenditures, acquisitions and other corporate activities;
- our future operating or financial results and future revenues and expenses;
- our cooperation with our joint venture partners and any expected benefits from such joint venture arrangement;

- the effect of a possible worldwide economic slowdown;
- disruption of world trade due to rising protectionism or the breakdown of multilateral trade agreements;
- disruption in the operation of certain of our managers located in Greece due to the continuing adverse economic conditions;
- fluctuations in interest rates and currencies, including the value of the U.S. dollar relative to other currencies;
- technological advancements and opportunities for the profitable operations of containerships;
- the financial health of our customers, our lenders and other counterparties, and their ability to perform their obligations;
- future, pending or recent acquisitions of vessels or other assets, business strategy, areas of possible expansion and expected capital spending or operating expenses;
- expectations relating to dividend payments and our ability to make such payments;

- the availability of existing vessels to acquire or newbuilds to purchase, the time that it may take to construct and take delivery of new vessels, including our newbuild vessel currently on order, or the useful lives of our vessels;

- the availability of key employees and crew, the length and number of off-hire days, dry-docking requirements and fuel and insurance costs;

- our anticipated general and administrative expenses, including our fees and expenses payable under our management and services agreements, as amended from time to time;

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

- our ability to maintain long-term relationships with major liner companies;

- environmental and regulatory conditions, including changes in laws and regulations or actions taken by regulatory authorities;

- expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, as well as requirements imposed by classification societies and standards demanded by our charterers;

- any malfunction or disruption of information technology systems and networks that our operations rely on or any impact of a possible cybersecurity breach;

- risks inherent in vessel operation, including terrorism, piracy and discharge of pollutants;

- potential disruption of shipping routes due to accidents, political events, piracy or acts by terrorists and armed conflicts;

- potential liability from future litigation;

- our business strategy and other plans and objectives for future operations;

- other factors discussed in "Risk Factors" in this prospectus, and "Item 3. Key Information—D. Risk Factors" of our Annual Report on Form 20-F for the year ended December 31, 2017, filed with the SEC on February 27, 2018; and

- other factors detailed from time to time in our periodic reports.

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

Unless we otherwise specify, when used in this prospectus the terms “Costamare”, the “Company”, “we”, “our”, “us” or simila terms refer to Costamare Inc. and its subsidiaries and/or any one of them. We use the term “twenty foot equivalent unit” or “TEU”, the international standard measure of containers, in describing the capacity of our containerships.

THE COMPANY

We are an international owner of containerships, chartering our vessels to many of the world’s largest liner companies. As of November 19, 2018, we had a fleet of 79 containerships with a total capacity of approximately 549,000 TEU, including five newbuild containerships currently under construction. As of November 19, 2018, 12 of our containerships have been acquired pursuant to the Framework Deed with York Capital Management by vessel-owning joint venture entities in which we hold a minority equity interest.

Costamare Inc. was incorporated in the Republic of the Marshall Islands on April 21, 2008 under the Marshall Islands Business Corporations Act. We are controlled by members of the Konstantakopoulos family, which have a long history of operating and investing in the international shipping industry, including a long history of vessel ownership. We were founded in 1974 and initially owned and operated drybulk carrier vessels. In 1984 we became the first Greek-owned company to enter the containership market and, since 1992, we have focused exclusively on containerships. After assuming management of our company in 1998, Konstantinos Konstantakopoulos has concentrated on building a large, modern and reliable containership fleet run and supported by highly skilled, experienced and loyal personnel. Under Konstantinos Konstantakopoulos's leadership, we have continued to foster a company culture focusing on excellent customer service, industry leadership and innovation.

In November 2010, we completed an initial public offering of shares of our common stock and have since offered additional shares of common stock through four follow-on offerings. Our common stock is listed on the New York Stock Exchange. On July 6, 2016, we implemented a Dividend Reinvestment Plan that offers holders of our common stock the opportunity to purchase additional shares by having their cash dividends automatically reinvested in our common stock at a discount to current market price.

We maintain our principal executive offices at 7 rue du Gabian, MC 98000 Monaco. Our telephone number at such address is +377 93 25 09 40. We maintain a website at *www.costamare.com.* The information contained on or linked to or from our website is not incorporated herein by reference. Our registered address in the Marshall Islands is Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960. The name of our registered agent at such address is The Trust Company of the Marshall Islands, Inc.

Additional information about the Company and its subsidiaries is included in documents incorporated by reference in this prospectus. See "Incorporation of Certain Information by Reference".

RISK FACTORS

Investing in the common stock to be offered pursuant to this prospectus may involve a high degree of risk. You should carefully consider the important factors set forth under the heading "Risk Factors" in our most recent Annual Report on Form 20-F filed with the SEC and incorporated herein by reference and in the accompanying prospectus supplement for such issuance before investing in any common stock that may be offered. For further details, see the section entitled "Where You Can Find Additional Information".

Any of the risk factors referred to above could significantly and negatively affect our business, results of operations or financial condition, which may reduce our ability to pay dividends and lower the trading price of our common stock. The risks referred to above are not the only ones that may exist. Additional risks not currently known by us or risks that we deem immaterial may also impair our business operations. You may lose all or a part of your investment.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

We are a Marshall Islands corporation and our principal executive offices are located outside of the United States in Monaco. All of our directors and officers and some of the experts in this prospectus reside outside the United States. In addition, all or a substantial portion of our assets and the assets of our directors, officers and experts are located outside of the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these persons. You may also have difficulty enforcing, both in and outside of the United States, judgments you may obtain in U.S. courts against us or these persons in any action, including actions based upon the civil liability provisions of U.S. Federal or state securities laws.

Furthermore, there is uncertainty as to whether the courts of the Marshall Islands, Monaco or other countries where our directors may reside would enter judgments in original actions brought in those courts predicated on U.S. Federal or state securities laws.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC using a shelf registration process. This prospectus relates to the possible resale, from time to time, of up to $30,300,000 of shares of our common stock, par value $0.0001 per share, by the selling shareholders named herein or their pledgees, donees, transferees or

other successors in interest. This prospectus provides you with a general description of the common stock such selling shareholders may offer. This prospectus does not cover the issuance of any of our common stock by us to the selling shareholders, and we will not receive any of the proceeds from any sale of common stock by the selling shareholders. Except for underwriting discounts and selling commissions, if any, transfer taxes, if any, and the fees and expenses of any underwriters, dealers or agents, we have agreed to pay the expenses incurred in connection with the registration of the common stock owned by the selling shareholders covered by this prospectus.

Each time the selling shareholders, or their pledgees, donees, transferees or other successors in interest, sell common stock, we will provide you with this prospectus, and in some cases a prospectus supplement that will contain specific information about the terms of a particular offering. That prospectus supplement may include additional risk factors or other special considerations applicable to that particular common stock. Any prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information contained in this prospectus and any prospectus supplement, you should rely on the information contained in that particular prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under the heading “Incorporation of Certain Information by Reference” and “Where You Can Find Additional Information”.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-3 under the Securities Act with respect to the offer and sale of shares of common stock pursuant to this prospectus. For purposes of this section, the term “registration statement” means the original registration statement and any and all amendments, including the schedules and exhibits to the original registration statement and any amendments. This prospectus, filed as a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules thereto in accordance with the rules and regulations of the SEC and no reference is hereby made to such omitted information. Statements made in this prospectus concerning the contents of any contract, agreement or other document filed as an exhibit to the registration statement are summaries of all of the material terms of such contracts, agreements or documents, but do not repeat all of their terms. Reference is made to each such exhibit for a more complete description of the matters involved and such statements shall be deemed qualified in their entirety by such reference. The SEC maintains a website at http://www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. For further information pertaining to the shares of common stock offered by this prospectus and Costamare, reference is made to the registration statement.

We are subject to the information and periodic reporting requirements of the Exchange Act of 1934, as amended (the “Exchange Act”), and we file periodic reports and other information with the SEC. These periodic reports and other information are available for inspection and copying at the SEC’s public reference facilities and the website of the SEC referred to above. As a “foreign private issuer”, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements to stockholders, but we are required to furnish certain proxy statements to stockholders under New York Stock Exchange (“NYSE”) rules. Those proxy statements are not expected to conform to Schedule 14A of the proxy rules promulgated under the Exchange Act. In addition, as a “foreign private issuer”, we are exempt from the rules under the Exchange Act relating to short swing profit reporting and liability.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus. Any information that we file later with the SEC and that is deemed incorporated by reference will also be considered to be part of this prospectus and will automatically update and supersede the information in this prospectus. In all cases, you should rely on the later information over different information included in this prospectus.

This prospectus incorporates by reference the following documents:

·our Annual Report on Form 20-F for the year ended December 31, 2017, filed with the SEC on February 27, 2018;

- our Reports on Form 6-K, furnished to the SEC on May 1, 2018, May 10, 2018, July 9, 2018, July 24, 2018, August 3, 2018, October 4, 2018, October 24, 2018 and November 2, 2018; and

- the description of our common stock contained in our registration statement on Form 8-A (File No. 001-34934), filed with the SEC on October 27, 2010 which incorporates by reference the description of our common stock contained in our registration statement on Form F-1 (File No. 333-170033), as amended, filed with the SEC on October 20, 2010, and any amendments or reports filed updating that description.

We are also incorporating by reference all subsequent annual reports on Form 20-F that we file with the SEC and certain reports on Form 6-K that we furnish to the SEC after the date of the initial registration statement filing and prior to the effectiveness of the registration statement and after the date of this prospectus (in each case, if such Form 6-K states that it is incorporated by reference into this prospectus) until we file a post-effective amendment indicating that the offering of the securities made by this prospectus has been terminated. In all cases, you should rely on the later information over different information included in this prospectus or any accompanying prospectus supplement.

In accordance with Rule 402 of Regulation S-T, the XBRL-related information in Exhibit 101 to our Annual Report on Form 20-F and our Reports on Form 6-K will not be deemed to be incorporated by reference into any registration statement or other document filed under the Securities Act, except as will be expressly set forth by specific reference in such filing.

We will provide, free of charge upon written or oral request, to each person to whom this prospectus is delivered, including any beneficial owner of the securities, a copy of any or all of the information that has been incorporated by reference into this prospectus, but which has not been delivered with the prospectus. Copies of these documents also may be obtained on the “Investors” section of our website at *www.costamare.com.* The information contained on or linked to or from our website is not incorporated by reference into this prospectus and should not be considered part of this prospectus. Requests for such information should be made to us at the following address:

Costamare Inc.
7 rue du Gabian
MC 98000 Monaco
Telephone: 377 93 25 09 40
Attention: Anastassios Gabrielides

You should assume that the information appearing in this prospectus and any accompanying prospectus supplement, as well as the information we previously filed with the SEC and incorporated by reference, is accurate as of the dates on the front cover of those documents only. Our business, financial condition and results of operations and prospects may have changed since those dates.

USE OF PROCEEDS

We will not receive any of the proceeds from any sale of common stock by the selling shareholders, or by their respective pledgees, donees, transferees or other successors in interest.

CAPITALIZATION AND INDEBTEDNESS

Our capitalization and indebtedness will be set forth in a prospectus supplement or in a report on Form 6-K subsequently furnished to the SEC and specifically incorporated herein by reference.

DESCRIPTION OF CAPITAL STOCK

A description of our common stock can be found in our registration statement on Form 8-A (File No. 001-34934), filed with the SEC on October 27, 2010 which incorporates by reference the description of our common stock contained in our registration statement on Form F-1 (File No. 333-170033), as amended, filed with the SEC on October 20, 2010, and any amendments or reports filed updating that description.

SELLING SHAREHOLDERS

The selling shareholders named below may offer from time to time in the future up to an aggregate of $30,300,000 of shares of our common stock. On November 12, 2018, Costamare entered into a share purchase agreement (the "Share Purchase Agreement") to acquire the ownership interest held by York Capital Management Global Advisors LLC and its affiliate Sparrow Holdings, L.P. (collectively, "York") in five jointly owned vessel-owning companies, namely Benedict Maritime Co., Bertrand Maritime Co., Beardmore Maritime Co., Schofield Maritime Co. and Fairbank Maritime Co., which had been formed pursuant to the Framework Deed dated May 15, 2013 as amended and restated on May 18, 2015 and as further amended on June 12, 2018 among Costamare, a wholly owned subsidiary of Costamare and York. The Share Purchase Agreement permits Costamare, upon serving a share settlement notice at any time within six months of the effective date of this registration statement, to elect to pay a portion of the consideration under the Share Purchase Agreement in Costamare common stock (the "Option"). The number of shares issued upon the exercise of the Option will be calculated using a share price equal to the lesser of: (i) the closing price of Costamare common stock on the date immediately prior to the date of the share settlement notice and (ii) the volume weighted average price (rounded to four decimals) of Costamare common stock as quoted on the NYSE during the regular trading hours on each of the thirty trading days ending on the date prior to the date of the relevant share settlement notice. The amount of common stock, if any, that the selling shareholders can offer for resale in the future will depend on whether, and to what extent, Costamare exercises its Option under the Share Purchase Agreement.

The following table sets forth, based on information provided to us by York, the selling shareholders' maximum beneficial ownership of our common stock assuming we issue the total amount of shares covered by this prospectus upon the full exercise of the Option at a share price of $5.00. The number and percentage of shares beneficially owned after this offering for each selling shareholder assumes that we exercise in full the Option and issue the total number of shares covered by this prospectus and each selling shareholder sells all of its shares covered by the prospectus and no selling shareholder acquires any additional common stock. Information in the table below with respect to maximum beneficial ownership has been furnished by each of the selling shareholders. Beneficial ownership is determined in accordance with the rules and regulations of the SEC.

Information concerning the selling shareholders may change from time to time. Any changes to the information provided below will be set forth in a supplement to this prospectus, in a post-effective amendment or in filings we make with the SEC under the Exchange Act, which are incorporated by reference into this prospectus if and when necessary.

For purposes of the table below, we have assumed that, following the exercise of the Option in full and the issuance of the total amount of shares covered by this prospectus, there will be 118,374,630 shares of common stock outstanding.

Maximum Common Stock to be Beneficially Owned	Common Stock Being Sold	Common Stock Beneficially Owned Immediately

	Shares	%	Shares	Following Such Sales Shares	%
York European Focus Master Fund, L.P.[1]	190,826	*	190,826	—	—
York European Distressed Credit Fund, L.P.[1]	1,168,180	*	1,168,180	—	—
York Multi-Strategy Master Fund, L.P.[1]	1,197,461	1.01	1,197,461	—	—
York European Opportunities Investments Master Fund, L.P.[1]	642,146	*	642,146	—	—
York Capital Management, L.P.[1]	825,905	*	825,905	—	—
Exuma Capital, L.P.[1]	47,454	*	47,454	—	—
York Credit Opportunities Investments Master Fund, L.P.[1] [2]	1,757,908	1.49	1,113,659	644,249	*
York Credit Opportunities Fund, L.P.[1] [2]	1,380,120	1.17	874,369	505,751	*
Total	7,210,000	6.09%	6,060,000	1,150,000	—

*Less than 1.0% of our outstanding common stock.

(1) York Capital Management Global Advisors, LLC, a New York limited liability company (YGA), is the sole managing member of (i) Dinan Management, L.L.C., a New York limited liability company and the general partner of York Capital Management, L.P., a Delaware limited partnership (York Capital) and York Multi-Strategy Master Fund, L.P., a Cayman

Islands exempted limited partnership (York Multi-Strategy), (ii) York Credit Opportunities Domestic Holdings, L.L.C, a New York limited liability company and the general partner of York Credit Opportunities Fund, L.P., a Delaware limited partnership (York Credit Opportunities) and York Credit Opportunities Investments Master Fund, L.P., a Cayman Islands exempted limited partnership (York Credit Opportunities Master), (iii) York European Opportunities Domestic Holdings, LLC, a New York limited liability company and the general partner of York European Opportunities Investment Master Fund, L.P., a Cayman Islands exempted limited partnership (York European Opportunities), (iv) York European Distressed Credit Holdings, LLC, a New York limited liability company and the general partner of York European Distressed Credit Fund, L.P., a Cayman Islands exempted limited partnership (York European Distressed Opportunities) and (v) York European Focus Domestic Holdings, LLC, a New York limited liability company and the general partner of York European Focus Master Fund, L.P., a Cayman Islands exempted limited partnership (York European Focus) and exercises investment discretion over each of York Capital, York Multi Strategy, York Credit Opportunities, York Credit Opportunities Master, York European Opportunities, York European Distressed Opportunities and York European Focus, and, accordingly, may be deemed to have beneficial ownership over the Company's common stock directly owned by such entities.

(2) As of November 19, 2018, York Credit Opportunities Investment Master Fund, L.P. and York Credit Opportunities Fund, L.P. owned 644,249 shares of the Company's common stock and 505,751 shares of the Company's common stock, respectively.

PLAN OF DISTRIBUTION

Any selling shareholder, or their pledgees, donees, transferees or other successors in interest, may offer and sell, from time to time, the shares of common stock covered by this prospectus and any applicable prospectus supplement. We have registered the common stock covered by this prospectus for offer and sale to permit the selling shareholders to sell such common stock without restriction in the open market. Registration of the common stock covered by this prospectus does not mean, however, that these common stock necessarily will be offered or sold.

The common stock covered by this prospectus may be sold from time to time, in one or more transactions, at market prices prevailing at the time of sale, at prices related to market prices, at a fixed price or prices subject to change, at varying prices determined at the time of sale or at negotiated prices, by a variety of methods including the following:

- on the NYSE or any other national securities exchange or in a U.S. inter-dealer system of a registered national securities association on which our common stock may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in privately negotiated transactions;
- in an exchange distribution in accordance with the rules of the applicable exchange;

- as settlement of short sales entered into after the date of the prospectus;

- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;

- through broker-dealers, who may act as agents or principals;

- through sales “at the market” to or through a market-maker;

- in a block trade, in which a broker-dealer will attempt to sell a block as agent but may position and resell a portion of the block as principal to facilitate the transaction;

- through one or more underwriters on a firm commitment or best-efforts basis;

- directly to one or more purchasers;

- through agents;

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- in options transactions;
- over the Internet;
- any other method permitted pursuant to applicable law; or
- in any combination of the above.

In effecting sales, brokers or dealers engaged by the selling shareholders may arrange for other brokers or dealers to participate. Broker-dealer transactions may include:

- purchases of the common stock by a broker-dealer as principal and resales of the common stock by the broker-dealer for its account pursuant to this prospectus;
- ordinary brokerage transactions; or
- transactions in which the broker-dealer solicits purchasers.

In addition, the selling shareholders, or their pledgees, donees, transferees or other successors in interest, may sell any common stock covered by this prospectus in private transactions or under Rule 144 of the Securities Act, as amended, rather than pursuant to this prospectus.

In connection with the sale of common stock covered by this prospectus, broker-dealers may receive commissions or other compensation from the selling shareholders in the form of commissions, discounts or concessions. Broker-dealers may also receive compensation from purchasers of the common stock for whom they act as agents or to whom they sell as principals or both. Compensation as to a particular broker-dealer may be in excess of customary commissions or in amounts to be negotiated. In connection with any underwritten offering, underwriters may receive compensation in the form of discounts, concessions or commissions from the selling shareholders or from purchasers of the common stock for whom they act as agents. Underwriters may sell the common stock to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The selling shareholders and any underwriters, broker-dealers or agents that participate in the distribution of the common stock may be deemed to be "underwriters" within the meaning of the Securities Act, as amended, and any profit on the sale of the common stock by them and any discounts, commissions or concessions received by any of those underwriters, broker-dealers or agents may be deemed to be underwriting discounts and commissions under the Securities Act, as amended.

In connection with the distribution of the common stock covered by this prospectus or otherwise, the selling shareholders, or their pledgees, donees, transferees or other successors in interest, may enter into hedging transactions

with broker-dealers or other financial institutions to the extent permitted by our trading policy. In connection with such transactions, broker-dealers or other financial institutions may engage in short sales of our common stock in the course of hedging the positions they assume with the selling shareholders. The selling shareholders may also sell common stock short and deliver the common stock offered by this prospectus to close out the short positions. The selling shareholders may also enter into option or other transactions with broker-dealers or other financial institutions, which require the delivery to such broker-dealer or other financial institution of common stock offered by this prospectus, which common stock such broker-dealer or other financial institution may resell pursuant to this prospectus, as supplemented or amended to reflect such transaction. The selling shareholders may also from time to time pledge common stock pursuant to the margin provisions of any customer agreements with brokers. Upon default, the broker may offer and sell such pledged common stock from time to time pursuant to this prospectus, as supplemented or amended to reflect such transaction. In addition, the shares may be sold by banks to hedge derivative positions entered into with those banks by the selling shareholders, relating to their shares, to the extent any such transactions are permitted under their trading policy.

At any time a particular offer of the common stock covered by this prospectus is made, a revised prospectus or prospectus supplement, if required, will be distributed which will set forth the aggregate amount of common stock covered by this prospectus being offered and the terms of the offering, including the expected issue price or method of determining the price, the time period during which the offer will be open and whether the purchase period may

be extended or shortened, the method and time limits for paying up and delivering common stock, name or names of any underwriters, dealers, brokers or agents, any discounts, commissions, concessions and other items constituting compensation from the selling shareholders, any discounts, commissions or concessions allowed or re-allowed or paid to dealers and the names of the selling shareholders and the number of common stock being offered by them. Such prospectus supplement, and, if necessary, a post-effective amendment to the registration statement of which this prospectus is a part, will be filed with the SEC to reflect the disclosure of additional information with respect to the distribution of the common stock covered by this prospectus. In order to comply with the securities laws of certain states, if applicable, the common stock sold under this prospectus may only be sold through registered or licensed broker-dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale in the applicable state or an exemption from registration or qualification requirements is available and is complied with.

Pursuant to a requirement by the Financial Industry Regulatory Authority ("FINRA"), the maximum commission or discount to be received by any FINRA member or independent broker-dealer may not be greater than 8% of the gross proceeds received by any selling shareholder for the sale of any shares of common stock being registered pursuant to SEC Rule 415 under the Securities Act of 1933, as amended. If more than 5% of the net proceeds of any offering of common stock made under this prospectus will be received by any FINRA member participating in the offering or by affiliates or associated persons of such FINRA member or any participating member who otherwise would have a "conflict of interest" under FINRA Rules, the offering will be conducted in accordance with FINRA Rule 5121.

Underwriters, agents, brokers or dealers may be entitled, pursuant to relevant agreements entered into with the selling shareholders, to indemnification by the selling shareholders against certain civil liabilities, including liabilities under the Securities Act, as amended, that may arise from any untrue statement or alleged untrue statement of a material fact, or any omission or alleged omission to state a material fact in this prospectus, any supplement or amendment hereto, or in the registration statement of which this prospectus forms a part, or to contribution with respect to payments which the underwriters, agents, brokers or dealers may be required to make.

Except for underwriting discounts and selling commissions, if any, transfer taxes, if any, and the fees and expenses of any underwriters, dealers or agents, which are to be paid by the selling shareholders, we have agreed to pay the expenses incurred in connection with the registration of the common stock owned by the selling shareholders covered by this prospectus.

EXPENSES

The following are the expenses estimated to be incurred by us in connection with a possible offering of the common stock registered under this registration statement.

SEC Registration Fee	$3,672.36
Printing	$ *

Legal Fees and Expenses	$*
Accountants' Fees and Expenses	$*
NYSE Fees	$*
Miscellaneous Costs	$*
Total	$3,672.36

* To be provided by a prospectus supplement or as an exhibit to a Report on Form 6-K that is incorporated by reference into this prospectus.

LEGAL MATTERS

The validity of the shares of common stock offered hereby and certain other matters relating to Marshall Islands law will be passed upon for us by Cozen O'Connor, New York, New York. Certain other legal matters relating to United States law will be passed upon for us by Cravath, Swaine & Moore LLP, New York, New York.

EXPERTS

The consolidated financial statements of Costamare Inc. appearing in Costamare Inc.'s Annual Report (Form 20-F) for the year ended December 31, 2017, and the effectiveness of Costamare Inc.'s internal control over financial reporting as of December 31, 2017 have been audited by Ernst & Young (Hellas) Certified Auditors Accountants S.A., independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing. The address of Ernst & Young (Hellas) Certified Auditors Accountants S.A. is 8B Chimarras Str., Maroussi, 15125, Athens, Greece and it is registered as a corporate body with the public register for company auditors accountants kept with the Body of Certified Auditors Accountants, or SOEL, Greece with registration number 107.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 8. INDEMNIFICATION OF DIRECTORS AND OFFICERS

We are a corporation of the Republic of the Marshall Islands (the "Marshall Islands"). Section 60 of the Business Corporations Act of the Marshall Islands (the "BCA") provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of no contest, or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe such person's conduct was unlawful.

A Marshall Islands corporation also has the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person or in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such person's duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

To the extent that a director or officer of a Marshall Islands corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in the preceding paragraphs, or in the defense of a claim, issue or matter therein, such director or officer shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such director or officer in connection therewith. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that such director or officer is not entitled to be indemnified by the corporation as authorized under Section 60 of the BCA.

Section 60 of the BCA also permits a Marshall Islands corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or officer against any liability asserted against such person and incurred by such person in such capacity whether or not the corporation would have the power to indemnify such person against such liability under the provisions of Section 60 of the BCA.

The indemnification and advancement of expenses provided by, or granted pursuant to, Section 60 of the BCA are not exclusive of any other rights to which those seeking indemnification and advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person’s official capacity and as to action in another capacity while holding such office.

The Registrant's articles of incorporation include a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent permitted by law.

The Registrant's bylaws provide that the Registrant must indemnify, to the fullest extent permitted by applicable law, any person who was or is made or is threatened to be made a party to or a witness in or is otherwise involved in any action, suit, claim, inquiry or proceeding, whether civil, criminal, administrative or investigative (including an action by or in the right of the Registrant) and whether formal or informal, by reason of the fact that such person, or any other person for whom such person is the legal representative, is or was a director or officer of the Registrant or is or was serving at the Registrant's request as a director, officer, employee, trustee or agent of another entity or of a partnership, joint venture, trust, nonprofit entity or other entity (including service with respect to employee benefit plans) against all liability and loss suffered, and expenses (including attorneys' fees) actually and reasonably incurred, by such person in connection with such action, suit, claim, inquiry or proceeding. The Registrant's bylaws also expressly authorize the advancement of certain expenses (including attorneys' fees and disbursements and court costs) to directors and officers and the carrying of directors' and officers' insurance providing indemnification for the Registrant's directors, officers and certain employees for some liabilities.

ITEM 9. EXHIBITS

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Critical Accounting Policies and Significant Judgments and Estimates

Our management s discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosed amounts of contingent assets and liabilities and our reported revenue and expenses. Significant management judgment is required to make estimates in relation to inventory and intangible asset valuation, clinical trial costs and previous costs associated with transitioning to a public reporting company. We evaluate our estimates, and judgments related to these estimates, on an ongoing basis. We base our estimates of the carrying values of assets and liabilities that are not readily apparent from other sources on historical experience and on various other factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. There has been no significant change in our critical accounting policies or estimates from those policies or estimates disclosed under the heading Critical Accounting Policies and Significant Judgments and Estimates in our Annual Report on form 10-K/A filed with the Securities and Exchange Commission on April 3, 2008 except for those discussed below under Inventory and Inventory Subject to Return and Long-lived and Intangible Assets .

Inventory and Inventory Subject to Return

Inventory of urokinase, our only commercially available FDA approved product, is comprised of finished goods and is stated at the lower of cost or market value. Urokinase is currently being sold under the brand name Abbokinase. We are re-branding the product to be sold under the brand name Kinlytic. Inventory value was initially determined as a result of the purchase price allocation from the acquisition of this product from Abbott Laboratories in 2006. We periodically review the composition of inventory in order to identify obsolete, slow-moving or otherwise un-saleable inventory.

We have an ongoing stability and release testing program to support expiration date extensions for the unlabeled vials. Under our agreement with Abbott Laboratories we were required to transfer the stability and release testing program from Abbott to another laboratory. The transfer of the stability and release testing program to the laboratory of a contract research organization, or CRO, has been completed and we have submitted to the FDA a Changes Being Effected in 30 days supplemental new drug application, or CBE-30, requesting approval for the transfer. Under the CBE-30, if the FDA does not object within 30 days of receiving the supplement and the supplement is filed, the requested change(s) may take effect. However, even if the 30 day period lapses without objection, under the Prescription Drug User Fee Act or PDUFA, the FDA must still take formal action to approve or not approve the application within 180 days of receipt of the submission. The 30 day period passed without an objection and our application was filed. We subsequently submitted to the FDA lot release requests for inventory labeled with the new expiration dating. In the first quarter of 2008 the FDA approved the lot release requests and the inventory was subsequently labeled. Subsequently, we received formal notice from the FDA that before our application for approval of the transfer of the stability and release testing program from Abbott to the CRO may be approved, we must first revise our stability and release program to include additional assays that detect modified forms of the active pharmaceutical ingredient or API. The FDA further indicated that the lots it released during the first quarter of 2008 will need to be tested for sub-visible particulates prior to distribution to the general public. The FDA s newly required tests are part of an FDA initiative to align stability programs for products, such as urokinase, with extended expiration dating to current FDA standards.

In light of the FDA action, we evaluated the carrying value of the inventory and determined that the value of the inventory as of June 30, 2008 had been impaired and as a result we reduced the value of the inventory by $8.2 million, to its market value. As of June 30, 2008, 34% of the vials in inventory held by our wholesale distributors, or $1.3 million in inventory value will expire at various times up to September 2009. Once labeled inventory expires it cannot be relabeled and sold. The remaining inventory will not be saleable unless and until our stability testing program has been approved by the FDA and we have data supporting further expiration dating for the inventory. We will continue to monitor these efforts and evaluate the adequacy of our inventory obsolescence reserves.

We have retained the services of a CRO to assist in performing the FDA required tests with respect to the analysis for sub-visible particulates. Upon completion of the testing procedures we will submit the results to the FDA for review.

If the data are sufficient for the FDA to approve release of the lots, we may be in a position to begin sales of our labeled vials of urokinase with extended expiration dating in the fourth quarter of 2008. We intend to continue the stability program to potentially enable further expiration extensions for unlabeled vials of inventory. Release of future lots with expiration dating beyond the currently labeled vials will be contingent upon FDA approval of the stability testing program and FDA acceptance of the testing results. Even if the stability testing program is accepted and the testing results are favorable, it is uncertain whether or to what extent the FDA might approve extended expiration dating for our inventory of unlabeled urokinase vials.

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Long-lived and Intangible Assets

We account for long-lived assets in accordance with the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144). SFAS 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparing the carrying amount of an asset to the expected future net cash flows generated by the asset. If it is determined that the asset may not be recoverable and if the carrying amount of an asset exceeds its estimated fair value, an impairment charge is recognized to the extent of the difference. SFAS 144 requires companies to separately report discontinued operations, including components of an entity that either have been disposed of (by sale, abandonment or in a distribution to owners) or classified as held for sale. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

In the three and six months ended June 30, 2008, we evaluated our intangible assets for impairment due to the receipt of the approvable letter from the FDA and determined that all of the intangible assets were impaired. As such, these intangibles were written off by recording a $1.3 million impairment. We also initiated a plan to sell our laboratory equipment, which we valued at fair value and recorded a $0.5 million impairment. The assets are classified as held for sale.

Deferred Tax Asset Valuation Allowance

Our estimate of the valuation allowance for deferred tax assets requires us to make significant estimates and judgments about our future operating results. Our ability to realize the deferred tax assets depends on our future taxable income as well as limitations on utilization. A deferred tax asset must be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized prior to its expiration. The projections of our operating results on which the establishment of a valuation allowance are based involve significant estimates regarding future demand for our products, competitive conditions, product development efforts, approvals of regulatory agencies and product cost. We have recorded a full valuation allowance on our net deferred tax assets due to uncertainties related to our ability to utilize our deferred tax assets in the foreseeable future. These deferred tax assets primarily consist of net operating loss carry forwards and research and development tax credits. Under Section 382 of the Internal Revenue Code of 1986, as amended, substantial changes in our ownership may limit the amount of net operating loss carry-forwards that could be utilized annually in the future to offset taxable income.

Revenue Recognition

Revenue from product sales is recognized pursuant to Staff Bulletin No. 104 (SAB 104), *Revenue Recognition in Financial Statements.* Accordingly, revenue is recognized when all four of the following criteria are met:

(i) persuasive evidence that an arrangement exists; (ii) delivery of the products has occurred; (iii) the selling price is both fixed and determinable; and (iv) collectability is reasonably assured. We apply SFAS No. 48, *Revenue Recognition When the Right of Return Exists,* which among other criteria requires that future returns can be reasonably estimated in order to recognize revenue. The amount of future returns is uncertain due to the insufficiency of returns history data. Due to the uncertainty of returns, we are accounting for these product shipments to wholesale distributors using a deferred revenue recognition model. Under this model, we do not recognize revenue upon product shipment to wholesale distributors; therefore, recognition of revenue is deferred until the product is sold by the wholesale distributor to the end user.

Our customers consist primarily of large pharmaceutical wholesale distributors who sell directly to hospitals and other healthcare providers. Provisions for product returns and exchanges, sales discounts, chargebacks, managed care and Medicaid rebates and other adjustments are established as a reduction of product sales revenues at the time such revenues are recognized. These deductions from gross revenue are established by us as our best estimate at the time of sale adjusted to reflect known changes in the factors that impact such reserves.

We provide research services under certain grant agreements, including federal grants from the National Institutes of Health. We recognize revenue for these research services as the services are performed. Revenue from grants is recognized over the contractual period of the related award.

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Results of Operations

Three Months Ended June 30, 2007 Compared to 2008

Product Sales, Research and Development Revenue. Our total revenues remained constant at $2.1 million in the second quarter of 2007 and 2008. Our urokinase sales to end users remained constant at $2.0 million in the first quarter of 2007 and 2008.

Cost of Product Sales. Cost of product sales was $1.0 million in the second quarter of 2007 compared to $0.9 million for the second quarter of 2008. The cost of product sales includes the price paid to acquire the product as well as labeling costs that are directly incurred in bringing the product to market.

Research and Development Expenses. Research and development expenses decreased from $1.6 million in the second quarter of 2007 to $1.0 million in the second quarter of 2008. This decrease is related to lower clinical trial costs associated with the wind down of our clinical trial and reduced stock-based compensation expense as a result of higher forfeitures.

General and Administrative Expenses. General and administrative expenses increased from $1.2 million in the second quarter of 2007 to $3.0 million in the second quarter 2008. This increase was principally a result of severance costs, the accrual of unutilized office space in relation to our restructuring and an increase in marketing costs related to our product rebranding efforts.

Interest and Other Income, net. Interest and other income decreased from income of $0.1 million in the second quarter 2007 to other expense of $0.1 million in the second quarter of 2008, primarily as a result of a decrease in interest earned due to lower cash balances and lower interest rates and the loss on sale of assets in the second quarter of 2008.

Asset Impairment. The asset impairment in the second quarter of 2008 of $10.0 million is related to a $0.5 million impairment of laboratory equipment that has been classified as available for sale and a $9.5 million impairment related to the write-down of our urokinase assets.

Gain on extinguishment of debt. Gain on extinguishment of debt increased from $0.2 million in the second quarter of 2007 to $5.6 million in the second quarter of 2008. The extinguishment of debt in the second quarter of 2007 is related to a debt for patent costs and the extinguishment of debt in the second quarter of 2008 is related to the satisfaction, waiver and release agreement signed with Abbott Laboratories related to our note payable for the purchase of the urokinase assets.

Six Months Ended June 30, 2007 Compared to 2008

Product Sales, Research and Development Revenue. Our total revenues increased from $3.4 million for the six month period ended June 30, 2007 to $4.1 million for the same period in 2008, primarily due to increased sales of our urokinase product.

Cost of Product Sales. Cost of product sales was $1.4 million for the six month period ended June 30, 2007 compared to $1.8 million for the six month period ended June 30, 2008. The cost of product sales includes the price paid to acquire the product as well as labeling costs that are directly incurred in bringing the product to market. The increase in cost of product sales is related to the increase in the number of vials sold through to hospitals or other end users.

Research and Development Expenses. Research and development expenses decreased from $3.1 million for the six month period ended June 30, 2007 to $2.6 million for the same period in 2008. This decrease was principally a result of reduced clinical trials costs as a result of the wind down or our clinical trial, a reduction in laboratory supplies and travel costs due to the reduction in research activities offset partially by an increase in work performed by third parties on the grants.

General and Administrative Expenses. General and administrative expenses increased from $2.6 million for the six month period ended June 30, 2007 to $5.0 million for the same period in 2008. This increase was principally a result of severance costs, an increase in costs associated with maintaining public company infrastructure and increased marketing costs related to the rebranding of our urokinase product offset partially by a decrease in amortization.

Interest and Other Income, net. Interest and other income was $0.1 million for the six month period ended June 30, 2007 and $36,000 for the six month period ended June 30, 2008. The reduction is related to a loss recorded on the sale of assets.

Asset Impairment. The asset impairment in the six months ended June 30, 2008 of $10.0 million is related to a $0.5 million impairment of all laboratory equipment that has been classified as available for sale and a $9.5 million

impairment related to the write-down of our urokinase assets.

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Gain on extinguishment of debt. Gain on extinguishment of debt was $0.2 million for the six months ended June 30, 2007 related to a debt for patent costs and $5.6 million for the six months ended June 30, 2008 related to the satisfaction, waiver and release agreement signed with Abbott Laboratories relate to our note payable for the purchase of the urokinase assets.

Liquidity and Capital Resources

Sources of Liquidity

We have incurred losses since our inception. At June 30, 2008, we had an accumulated deficit of $91.0 million. We have historically financed our operations principally through the public offering and private placement of shares of our common and preferred stock and convertible notes, government grants, and, more recently, product sales of urokinase, which commenced in October 2006. During the year ended December 31, 2007, we received net proceeds of $12.4 million from the issuance of shares of our common stock and $14.2 million from sales of urokinase inventory to certain of our wholesaler distributors. At June 30, 2008, we had $2.1 million in cash and cash equivalents.

In April 2006, we acquired from Abbott Laboratories the assets related to urokinase, including the remaining inventory of finished product, all regulatory and clinical documentation, validated cell lines, and intellectual property rights, including trade secrets and know-how relating to the manufacture of urokinase using the tissue culture method. The purchase price for the assets was $20.0 million, which was paid in the form of $5.0 million in cash and the issuance of a $15.0 million non-recourse promissory note with an initial maturity date of December 31, 2007, which was extended to March 31, 2008. On April 17, 2008, we entered into a satisfaction, waiver and release agreement with Abbott Laboratories regarding payment of the note. Under the terms of the agreement, we were required to pay Abbott Laboratories $5.2 million in cash and upon payment of the funds, the debt obligation was deemed to be indefeasibly paid in full by us and the note was cancelled and returned to us.

The exact timing and amount of future sales of urokinase will depend on a number of external factors, such as our ability to obtain an extension of the expiration dating for the urokinase inventory, our ability to establish additional sales relationships with customers for that product, our inventory levels at the wholesale distributors that are currently stocking the product, and other competitive and regulatory factors. Based on current stability data as of June 30, 2008, all vials of our urokinase inventory expire at various times up to September 2009. We have an ongoing stability and release testing program to support expiration date extensions for the unlabeled vials. Under our agreement with Abbott Laboratories were required to transfer the stability and release testing program from Abbott to another laboratory. The transfer of the stability and release testing program to the laboratory of a contract research organization, or CRO, has been completed and we have submitted to the FDA a Changes Being Effected in 30 days supplemental new drug application, or CBE-30, requesting approval for the transfer. Under the CBE-30, if the FDA does not object within 30 days of receiving the supplement and the supplement is filed, the requested change(s) may take effect. However, even if the 30 day period lapses without objection, under the Prescription Drug User Fee Act or PDUFA, the FDA must still take formal action to approve or not approve the application within 180 days of receipt of the submission. The 30 day period passed without an objection and our application was filed. We subsequently submitted to the FDA lot release requests for inventory to be labeled with the new expiration dating. In the first quarter of 2008 the FDA approved the lot release requests and approximately thirty thousand vials of urokinase inventory was subsequently labeled. Subsequently, we received formal notice from the FDA that before our application may be approved, we must first revise our stability and release program to include additional assays that detect modified forms of the active pharmaceutical ingredient or API. The FDA further indicated that the lots it released during the first quarter of 2008 will need to be tested for sub-visible particulates prior to distribution to the general public. The FDA s newly required tests are part of an FDA initiative to align stability programs for products, such as urokinase, with extended expiration dating to current FDA standards.

We have retained the services of a CRO to assist in performing the FDA required tests with respect to the analysis for sub-visible particulates. Upon completion of the testing procedures we will submit the results to the FDA for review. If the data are sufficient for the FDA to approve a lot release, we may be in a position to begin sales of our labeled vials of urokinase with extended expiration dating in the fourth quarter of 2008. We intend to continue the stability program to potentially enable further expiration extensions for unlabeled vials of inventory. Release of future lots with expiration dating beyond the currently labeled vials will be contingent upon FDA approval of the stability testing

program and FDA acceptance of the testing results. Even if the stability testing program is accepted and the testing results are favorable, it is uncertain whether or to what extent the FDA might approve extended expiration dating for our inventory of unlabeled urokinase vials. If the FDA objects to the methods or results of the stability testing program, we estimate that 66% of inventory held by us or our wholesale distributors that we expect hospitals to purchase, or $2.5 million in inventory value out of the total of $3.8 million carried at June 30, 2008, is at risk of expiring.

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Cash Flows

Net Cash Provided by or Used in Operating Activities. Net cash provided by operating activities in the six months ended June 30, 2007 primarily reflects net loss offset in part by changes in working capital. Net cash used in operating activities in the six months ended June 30, 2008 primarily reflects the net loss and the gain on extinguishment of debt offset in part by asset impairment charges, changes in working capital and depreciation.

Net Cash Used in Investing Activities. Net cash used in investing activities was $0.3 million and $11,000 for the six months ended June 30, 2007 and 2008, respectively. Net cash used in investing activities primarily reflects purchases of property and equipment, including manufacturing, information technology, laboratory and office equipment.

Net Cash Used in Financing Activities. Net cash used in financing activities was $5.4 million for the six months ended June 30, 2007 and $5.9 million for the same period in 2008. Net cash used in financing activities for the six months ended June 30, 2007 was attributable to the deferred financing costs of $1.0 million and $4.4 million place in escrow to pay down the note payable to Abbott Laboratories related to the $15.0 million non-recourse not for the purchase of the urokinase assets. Net cash used in financing activities for the six months ended June 30, 2008 was attributable to the $6.3 million payment on the note payable to Abbott Laboratories offset partially by the $0.4 million change in the restricted cash balance.

Operating Capital and Capital Expenditure Requirements

As a result of the events leading to our June 2008 restructuring, we have new risks and challenges facing us. Historically, our primary source of liquidity has been the public offering and private placement of shares of our common and preferred stock and convertible notes, government grants, and, more recently, product sales of urokinase. Due to the FDA s requirement of additional testing as a prerequisite to the release, and the uncertainty as to the outcome of any such testing, our actual proceeds from sales of urokinase may fall short of previous projections. We do not currently have any other significant source of cash.

In furtherance of the June 2008 restructuring we are now exploring strategic alternatives for our commercial urokinase assets, clinical-stage SonoLysis program and other company assets, which may involve the disposition of substantially all of these assets. Additionally, we are performing the additional testing required by the FDA prior to securing release of previously submitted commercial inventory of urokinase from FDA. If we are unsuccessful in securing release of the urokinase lots from the FDA in a timely manner, or at all, and/or, we are not able to enter into a strategic transaction with respect to our commercial urokinase assets or SonoLysis program that results in the receipt of additional cash resources, we may not have sufficient capital to fund our operating needs into the fourth quarter 2008. Our operating needs include the planned costs to operate our business and the amount required to fund our working capital and capital expenditures. At the present time, we have no material commitments for capital expenditures.

We may not be successful in commercializing urokinase or in obtaining such additional proceeds or revenue. We cannot be sure that our existing cash and cash equivalents will be adequate, or that additional financing will be available when needed, or that, if available, such financing will be obtained on terms favorable to us or our stockholders. Failure to obtain adequate cash resources may adversely affect our ability to operate as a going concern. If we raise additional funds by issuing equity securities, or enter into a strategic transaction, substantial dilution to existing stockholders will likely result. If we raise additional funds by incurring debt obligations, the terms of the debt will likely involve significant cash payment obligations as well as covenants and specific financial ratios that may restrict our ability to operate our business.

Item 4T. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on that evaluation and due to the restructuring plan initiated in June 2008 including the significant reduction in personnel in the accounting and finance function, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were ineffective as of the end of the period covered by this quarterly report.

Change in Internal Control over Financial Reporting. As a result of the restructuring plan initiated in June 2008 including the significant reduction in personnel in the accounting and finance function there have been changes in our

internal control environment that may materially affect our internal control over financial reporting. Based on that evaluation, our principal executive officer and principal financial officer concluded that our internal control over financial reporting were ineffective as of the end of the period covered by this quarterly report.

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PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

As of the date of this Quarterly Report on Form 10-Q, we were not involved in any material legal proceedings.

Item 1A. Risk Factors.

The following information sets forth material changes from the risk factors we previously disclosed in our Annual Report on Form 10-K/A for the year ended 2007 and Form 10-Q for first quarter ended March 31, 2008. These risks, among others, could cause our actual operating results to differ materially from those indicated or suggested by forward-looking statements made in this Quarterly Report on Form 10-Q or presented elsewhere by management from time to time. If any of the following risks actually occur, our business, operating results, prospects or financial condition could be harmed. Additional risks including those previously disclosed in our filings with the SEC as well as those not presently known to us or those that we currently deem immaterial, may also affect our business operations.

We may not be able to identify or consummate a strategic transaction for our commercial urokinase assets, clinical-stage SonoLysis program and other company assets. We do not have adequate resources to continue these activities ourselves and must find strategic partners or alternative funding sources in order to continue these activities.

On June 11, 2008, following termination of an agreement with Microbix Biosystems relating to the sale of our urokinase inventory and related assets and our receipt of a letter from the FDA indicating that additional testing would be required for approval of our urokinase stability testing program and release of labeled vials of urokinase, we announced a restructuring that included a significant workforce reduction. In furtherance of the June 2008 restructuring we are now exploring strategic alternatives for our commercial urokinase assets, clinical-stage SonoLysis program and other company assets. We may not be able to successfully achieve the desired benefits of any strategic alternative undertaken by us. There can be no assurance that we will identify any attractive strategic opportunities or that if we identify one that we will consummate a transaction on favorable terms. If the exploration of strategic alternatives does result in a transaction, we are unable to predict what the market prices of our common stock would be after the announcement of such a transaction. In addition, the market price of our stock could be highly volatile as we explore strategic alternatives and may be more volatile if and when a transaction is announced.

The FDA may not approve our stability program under which we seek extension of the expiration dating of Kinlytic and we may be unable to sell our existing inventory of Kinlytic before product expiration.

We have an ongoing stability and release testing program to support expiration date extensions for the unlabeled vials. Under our agreement with Abbott Laboratories we were required to transfer the stability and release testing program from Abbott to another laboratory. The transfer of the stability and release testing program to the laboratory of a contract research organization, or CRO, has been completed and we have submitted to the FDA a Changes Being Effected in 30 days supplemental new drug application, or CBE-30, requesting approval for the transfer. Under the CBE-30, if the FDA does not object within 30 days of receiving the supplement and the supplement is filed, the requested change(s) may take effect. However, even if the 30 day period lapses without objection, under the Prescription Drug User Fee Act or PDUFA, the FDA must still take formal action to approve or not approve the application within 180 days of receipt of the submission. The 30 day period passed without an objection and our application was filed. We subsequently submitted to the FDA lot release requests for inventory to be labeled with the new expiration dating. In the first quarter of 2008 the FDA approved the lot release requests. Subsequently, we received formal notice from the FDA that our request for approval of the transfer of the stability and release testing program from Abbott to the CRO is approvable. The FDA notified us that before our application may be approved, we must first revise our stability and release program to include additional assays that detect modified forms of the active pharmaceutical ingredient or API. The FDA further indicated that the lots it released during the first quarter of 2008 will need to be tested for sub-visible particulates prior to distribution to the general public. The FDA s newly required tests are part of an FDA initiative to align stability programs for products, such as urokinase, with extended expiration dating to current FDA standards. If we are unable to obtain FDA approval of our stability and release testing program or if our inventory does not pass the additional testing procedures our remaining inventory may expire prior to being sold and sales of Kinlytic will be reduced and we may not have sufficient resources to fund our current operations

beyond the fourth quarter 2008.

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The Kinlytic brand name for our urokinase product is unfamiliar to our market. We have no sales and marketing capabilities and depend on drug wholesalers to distribute our Kinlytic product.

Our urokinase product was previously marketed by Abbott Laboratories and us as Abbokinase. Following extension of the expiration dates of our urokinase inventory, we were required pursuant to the terms of the asset purchase agreement with Abbott Laboratories to re-brand the urokinase inventory. We received FDA approval to use the Kinlytic brand name in our labeling of urokinase. In connection with the June 2008 restructuring, all sales and marketing personnel were terminated and we no longer have any personnel engaged in those activities. We do not have sufficient resources to effectively market or sell urokinase under the brand name Kinlytic. We have no sales and marketing staff and depend on the efforts of third parties for the sale and distribution of Kinlytic to hospitals and clinics. The new brand name Kinlytic may cause confusion or lead to rejection of the product by hospitals and clinics whose pharmaceutical formularies include Abbokinase, but not Kinlytic. If we are unable to maintain effective third party distribution channels on commercially reasonable terms, we may be unable to market and sell Kinlytic in commercial quantities. Drug wholesale companies may be unwilling to continue selling Kinlytic, or we may be forced to accept lower prices or other unfavorable terms or to expend significant additional resources to sell our Kinlytic inventory.

We will need additional capital to fund our operation into the fourth quarter 2008 and beyond. If we are unable to identify or consummate an attractive strategic transaction for our commercial urokinase assets, clinical-stage SonoLysis program or other company assets in a timely manner we may be forced to delay, reduce or eliminate these activities and we may be unable to timely pay our debts.

We believe that our cash, cash equivalents and investments will be sufficient to fund our continuing operations and other demands and commitments into the fourth quarter 2008. Our funding requirements will, however, depend on numerous factors, including:

- the timely release by the FDA of the commercial lots of urokinase currently undergoing FDA review;
- the timing and amount of revenue from sales of urokinase;
- the timing and amount of revenue from a strategic transaction for our commercial urokinase assets, clinical-stage SonoLysis program and other company assets;
- personnel, facilities and equipment requirements; and
- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims and other patent-related costs, including litigation costs, if any, and the result of any such litigation.

We cannot be certain that we will generate any additional funding. We may be forced to accept terms on a strategic transaction that are highly dilutive or otherwise disadvantageous to our existing stockholders. If we are unable to secure adequate financing, we could be required to cease operations.

We have only two full-time employees and consulting relationships with certain other former key employees. We may not have sufficient personnel to effectively identify or consummate an attractive strategic transaction for our commercial urokinase assets, clinical-stage SonoLysis program and other company assets in a timely manner, or at all.

Our success depends substantially on the services of our two employees and key consultants. The loss of the services of one or more of these persons could have a material adverse effect on our business. Each of these persons may terminate his or her relationship with the us without notice and without cause or good reason. Our ability to identify or consummate an attractive strategic transaction for our commercial urokinase assets, clinical-stage SonoLysis program and other company assets is substantially dependent on these persons and without them we cannot be certain that we will be able to do accomplish our business objectives.

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We are at risk of securities class action litigation due to our stock price volatility.

We are at risk of being subject to securities class action lawsuits if our stock price declines substantially. Securities class action litigation has often been brought against other companies following a decline in the market price of its securities. While no securities class action claims have been brought against us, it is possible that lawsuits will be filed based on such stock price declines naming our company, directors, and officers. Securities litigation could result in substantial costs, divert management s attention and resources, and seriously harm our business, financial condition and results of operations.

Failure of our internal control over financial reporting could harm our business and financial results.

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the U.S. Internal control over financial reporting includes: (i) maintaining reasonably detailed records that accurately and fairly reflect our transactions; and (ii) providing reasonable assurance that we (a) record transactions as necessary to prepare the financial statements, (b) make receipts and expenditures in accordance with management authorizations, and (c) would timely prevent or detect any unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. As a result of the restructuring plan initiated in June 2008 management believes that there have been changes in our internal control environment that may materially affect our internal control over financial reporting. Based on that evaluation, our principal executive officer and principal financial officer concluded that our internal control over financial reporting were ineffective as of the end of the period covered by this quarterly report.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report financial results accurately and timely or to detect and prevent fraud. A significant financial reporting failure could cause an immediate loss of investor confidence and our management and a sharp decline in the market price of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Use of Proceeds

Our initial public offering of common stock was effected through a Registration Statement on Form S-1 (File No. 333-142646), which was declared effective by the Securities and Exchange Commission on July 25, 2007.

We received net proceeds of $12.4 million from the offering. As of June 30, 2008, $2.1 million of the net proceeds from the offering was in short-term, interest-bearing, investment-grade securities and $10.3 million of the proceeds were used to fund SonoLysis development and urokinase commercialization activities, pay the non-recourse note to Abbott Laboratories and working capital and other general corporate purposes. The remaining funds may be used for working capital and other general corporate purposes.

Item 4. Submission of Matters to a Vote of Security Holders.

On May 29, 2008 we held our Annual Meeting of Stockholders. The following proposals were the only matters submitted for approval at the meeting:

Proposal 1: To elect the following slate of individuals to serve as the directors of the company until the next annual meeting of stockholders or until each person s successor is duly qualified and elected:

Nominees	For	Withheld
Richard Love	6,480,626	360,086
Richard Otto	6,456,179	384,533
Thomas W. Pew	6,476,626	364,086
Philip Ranker	6,477,606	363,100
James M. Strickland	6,464,021	376,691
Bradford Zakes	6,452,559	388,153

Proposal 2: To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008.

For:	Against:	Abstain:
6,783,244	15,747	41,721

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Item 6. Exhibits.
Exhibit Index

Exhibit No	Exhibit Title	Filed Herewith	Incorporated by Reference			
			Form	Exhibit No.	File No.	Filing Date
10.1	Amendment No. 3 to Executive Employment Agreement dated as of June 27, 2008 by and between the Company and Bradford A. Zakes		8-K	10.1	001-33043	July 1, 2008
10.2	Termination Agreement dated as of June 10, 2008 by and between the Company and Microbix Biosystems Inc.		8-K	10.1	001-33043	June 12, 2008
10.3	Separation and Release of Claims Agreement by and between the Company and Greg Cobb		8-K	10.2	001-33043	June 12, 2008
10.4	Consultant Services Agreement dated as of June 11, 2008 by and between the Company and Greg Cobb		8-K	10.3	001-33043	June 12, 2008
10.5	Separation and Release of Claims Agreement by and between the Company and Kevin Ontiveros		8-K	10.4	001-33043	June 12, 2008
10.6	Consultant Services Agreement dated as of June 11, 2008 by and between the Company and Kevin Ontiveros		8-K	10.5	001-33043	June 12, 2008
10.7	Letter of Intent between ImaRx Therapeutics, Inc. and Microbix Biosystems Inc., dated May 6, 2008.		8-K	10.1	001-33043	May 7, 2008
10.8	Satisfaction, Waiver and Release Agreement, dated April 17, 2008, by and between ImaRx Therapeutics, Inc. and Abbott Laboratories.		8-K	10.1	001-33043	April 23, 2008
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer	X				
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer	X				
32		X				

Section 1350 Certification of Periodic Financial Report by the Chief Executive Officer and Principal Financial and Accounting Officer	

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IMARX THERAPEUTICS, INC.

Date: August 14, 2008

By: /s/ Bradford A. Zakes
Bradford A. Zakes,
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

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31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer	X				
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer	X				
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Section 1350 Certification of Periodic Financial Report by the Chief Executive Officer and Principal Financial and Accounting Officer	