

EUROSEAS LTD.
Form 424B5
September 08, 2009

PROSPECTUS SUPPLEMENT
(To Prospectus dated July 2, 2008)

Filed pursuant to Rule 424(b)(5)
Registration No. 333-152089

7,000,000 SHARES

EUROSEAS LTD.

Common Stock

We have entered into a continuous offering program equity distribution agreement with Citigroup Global Markets Inc., or Citi, relating to our common stock offered by this prospectus supplement. In accordance with the terms of the equity distribution agreement, we may offer and sell up to 7,000,000 shares of common stock from time to time through Citi as our sales agent.

Sales of the common stock, if any, will be made by means of ordinary brokers' transactions at market prices, in block transactions, or as otherwise agreed with Citi. We will pay Citi an aggregate fee of 2.00% of the gross sales price per share of common stock sold through it as agent under the equity distribution agreement.

Under the terms of the equity distribution agreement, we may also sell our shares of common stock to Citi as principal for its own account at a price agreed upon at the time of sale. If we sell shares of common stock to Citi as principal, we will enter into a separate terms agreement with Citi, and we will describe this agreement in a separate prospectus supplement or pricing supplement.

Citi is not required to sell any specific number or dollar amount of shares of common stock, but will use its reasonable efforts, as our agent and subject to the terms of the equity distribution agreement, to sell the shares of common stock offered, as instructed by us.

Our common stock is listed on the NASDAQ Global Select Market under the symbol "ESEA". The last reported sale price of our common stock on the NASDAQ Global Select Market on September 3, 2009, was \$4.31 per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page S-5 of this prospectus supplement.

Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Citi

September 4, 2009

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of

any date other than the date on the front of this prospectus supplement or the accompanying prospectus.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters. The second part, the prospectus, gives more general information about securities we may offer from time to time. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. To the extent the description of our securities in this prospectus supplement differs from the description of our securities in the accompanying prospectus, you should rely on the information in this prospectus supplement.

SUMMARY

This section summarizes some of the information that appears later in this prospectus supplement and the accompanying prospectus. As an investor or prospective investor, you should review carefully the risk factors and the more detailed information that appear later in this prospectus supplement and the accompanying prospectus and the documents incorporated herein by reference. In this prospectus supplement, references to "Euroseas," "Company," "we," "our," "ours" and "us" refer to Euroseas Ltd. and its subsidiaries, unless otherwise stated or the context otherwise requires.

We use the term "deadweight tons" or dwt, in describing the capacity of our drybulk carriers. Dwt, expressed in metric tons, each of which is equivalent to 1,000 kilograms, refers to the maximum weight of cargo and supplies that a vessel can carry. We use the term "twenty foot equivalent unit" or teu, the international standard measure of containers, in describing the capacity of our container ships. For the definition of certain shipping terms used in this prospectus supplement, see the "Glossary of Shipping Terms" on page 63 of the accompanying prospectus. Unless otherwise indicated, all references to currency amounts in this prospectus supplement are in U.S. dollars and all share numbers and per share data give effect to a 1-for-3 reverse stock split effected on October 6, 2006.

Our Company

We are a provider of worldwide ocean-going transportation services. We own and operate drybulk carriers that transport major bulks such as iron ore, coal and grains, and minor bulks such as bauxite, phosphate and fertilizers. We also own and operate containerships and a multipurpose vessel that transports dry and refrigerated containerized cargoes, principally manufactured products and perishables.

Our 17-vessel fleet consists of four Panamax, one Handymax and one Handysize drybulk carriers, ten containerships and one multipurpose vessel with an average age of approximately 17 years. As part of the ordinary course of our operations, we routinely investigate opportunities to purchase and sell vessels. We intend to capitalize on the cyclical nature of the market by opportunistically buying and selling vessels at values that maximize shareholder returns. In the current market environment, we plan to expand our fleet by investing in attractively priced drybulk, container and multipurpose vessels.

We employ our vessels on spot and time charters, through pool arrangements and under contracts of affreightment. Presently, six of our containerships, our multipurpose vessel and three of our panamax drybulk carriers are employed under time charters. The staggered maturities of our time charters enable us to constantly reevaluate the market and adjust the balance of our charter book accordingly. We believe this employment strategy provides us with more predictable operating cash flows and sufficient downside protection, while allowing us to participate in the potential upside of the spot market during periods of rising charter rates.

As of September 4, 2009, approximately 66% of our ship capacity remaining days in 2009 and approximately 45% of our ship capacity days in 2010 are under time charter contracts or covered by FFA contracts paying us a fixed rate.

As of September 4, 2009 the profile and deployment of our fleet is the following:

Name	Type	Dwt	TEU	Year Built	Employment*	Time Charter Rate (per day)
Drybulk Vessels						
PANTELIS		74,020		2000		\$ 25,200

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	Panamax			TC until Dec. 2009 ⁽¹⁾		
ELENI P	Panamax	72,119	1997	TC until May 2010	\$	15,350
IRINI (2)	Panamax	69,734	1988	Baumarine Pool		
ARISTIDES N.P.	Panamax	69,268	1993	TC until Dec. 2009	\$	12,350
MONICA P (3)	Handymax	46,667	1998	Bulkhandling Pool		
GREGOS	Handysize	38,691	1984	Spot		
Total Drybulk Vessels	6	370,499				

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Name	Type	Dwt	TEU	Year Built	Employment*	Time Charter Rate (per day)
Multipurpose Dry Cargo Vessels						
TASMAN TRADER		22,568	950	1990	TC until Feb. 2012	\$9,500 until Dec 2010, \$9,000 until Feb 2012
Total Multipurpose Dry Cargo Vessels	1	22,568	950			
Container Ships						
MAERSK NOUMEA	Intermediate	34,654	2,556	2001	TC until June 2011(4)	\$ 16,800
TIGER BRIDGE	Intermediate	31,627	2,228	1990	TC until March 2010	\$ 7,500
ARTEMIS	Intermediate	29,693	2,098	1987	Laid-up	
DESPINA P	Handysize	33,667	1,932	1990	Laid-up	
JONATHAN P (ex-OEL INTEGRITY)	Handysize	33,667	1,932	1990	Laid-up	
CAPTAIN COSTAS (ex OEL TRANSWORLD)	Handysize	30,007	1,742	1992	TC until Sep. 2009	\$ 18,500
MASTRO NICOS (ex YM XINGANG I)	Handysize	23,596	1,599	1993	Open	
MANOLIS P	Handysize	20,346	1,452	1995	TC until Sep. 2009	\$ 15,800
NINOS (ex-YM QINGDAO I)	Feeder	18,253	1,169	1990	TC until Apr. 2010	\$ 8,060
KUO HSIUNG	Feeder	18,154	1,169	1993	TC until Dec. 2009(5)	\$ 3,850
Total Container Ships	10	273,687	17,877			
Fleet Grand Total	17	666,754	18,827			

* TC denotes time charter. All dates listed are the earliest redelivery dates under each TC.

- (1) Following completion of its present charter, we have arranged to charter the Pantelis for a two year period at a rate of \$17,500/day.
- (2) "Irimi" is employed in the Baumarine spot pool that is managed by Klaveness, a major global charterer in the drybulk market.
- (3) "Monica P" is employed in the Bulkhandling spot pool that is also managed by Klaveness.
- (4) The charterer of the "Maersk Noumea" has three annual options to extend the time charter until August 2014. The first annual option is at a time charter rate of \$18,735/day until August 2012. The second annual option is at a time charter rate of \$19,240/day until August 2013. The third annual option is at a time charter rate of \$19,750/day until August 2014.
- (5) The charterer of the "Kuo Hsiung" has an option to extend the time charter for an additional six months at a charter rate of \$3,850/day until June 2010.

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Recent Developments

On May 18, 2009, we entered into a Shareholders Rights Agreement with American Stock Transfer and Trust Company, LLC, as rights agent, pursuant to which a dividend was declared of one preferred share purchase right, or a Right, to purchase one one-thousandth of the Company's Series A Participating Preferred Stock for each outstanding share of our common stock. Each Right entitles the registered holder, upon the occurrence of certain events, to purchase from us one one-thousandth of a share of Series A Participating Preferred Stock at an exercise price of \$26.00, subject to adjustment. Rights under the Shareholder Rights Agreement were issued to shareholders of record as of the close of business on May 27, 2009, and will be issued with all subsequently issued shares of common stock at the time of issuance.

On July 20, 2009, we took delivery of the m/v "Four Coal", a panamax drybulk carrier of 74,020 dwt, built in 2000 in Japan. The vessel, acquired for \$27.5 million, has been renamed m/v "Pantelis". The vessel comes with a time charter of \$25,200 per day until December 2009. Following completion of its present charter, we have arranged to charter the vessel for a period of two years for \$17,500 per day. The acquisition was initially financed with cash reserves. However, we have signed a commitment letter for a new \$13 million credit facility to partly finance the acquisition. The loan is expected to be payable in 32 consecutive quarterly installments, four in the amount of \$500,000 and 28 in the amount of \$280,000, with a \$3.16 million balloon payment to be paid together with the last installment. The margin of the loan is expected to be 2.70% above LIBOR.

A cash dividend of \$0.10 per share of our common stock was paid on September 4, 2009.

On August 11, 2009, we announced our unaudited condensed consolidated financial results for the six months ended June 30, 2009. For further details, please refer to our Form 6-K, filed with the Commission on August 18, 2009, and incorporated by reference into this prospectus supplement.

Corporate Information

We are a Marshall Islands corporation. Our executive offices are located at 40 Ag. Konstantinou Street, 151 24, Maroussi, Greece. Our telephone number is 011 30 211 1804005. The primary residence of our Chief Financial Officer, Dr. Anastasios Aslidis, is in the United States. Our website address is <http://www.euroseas.gr>. The information on our website is not a part of this prospectus.

The Offering

Issuer	Euroseas Ltd., a Marshall Islands corporation.
Common stock offered	Up to 7,000,000 shares.
Use of proceeds	We plan to use the net proceeds from the sale of our common stock for general corporate purposes and to fund vessel acquisitions. See "Use of Proceeds".
NASDAQ symbol	"ESEA"
Risk factors	See "Risk Factors" beginning on page S-5 of this prospectus supplement for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

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RISK FACTORS

You should carefully consider the information about risks set forth below and contained in the accompanying prospectus, in our annual report on Form 20-F for the year ended December 31, 2008 incorporated herein by reference and in the report on Form 6-K filed with the Securities and Exchange Commission on June 3, 2009 incorporated herein by reference before making an investment in our common stock. Some of those risks relate principally to us and our business and the industry in which we operate. Other risks relate principally to the securities market and ownership of our shares. If any of the circumstances or events described therein actually arise or occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected. In such a case, the market price of our common stock could decline and you could lose all or part of your investment. The risks set forth below and in the accompanying prospectus, in our annual report on Form 20-F for the year ended December 31, 2008 and in the report on Form 6-K filed with the Securities and Exchange Commission on June 3, 2009 are not the only ones that may exist. Additional risks not currently known by us or that we deem immaterial may also impair our business operations.

Our business involves risks relating to the downturn in the drybulk and containership markets, which has had and may continue to have an adverse affect on our business and results of operations, and our future profitability will be dependent on the level of charter rates in the international drybulk and container shipping industry.

The abrupt and dramatic downturn in the drybulk and containership charter markets, from which we derive substantially all of our revenues, has severely affected the drybulk and container shipping industries and has adversely affected our business. Since September 2008, drybulk and containership charter rates have fallen dramatically and have remained depressed. Rates in drybulk and containership markets are influenced by the balance of demand for and supply of vessels and may remain depressed or further decline in the future. Rates for multipurpose vessels are influenced by both drybulk and containership market developments as multipurpose ships can carry either drybulk or containerized cargo. The decline in charter rates over the past year is due to various factors, including the reduced availability of trade financing for purchases of commodities and containerized cargo carried by sea, which has resulted in a significant decline in cargo shipments. The decline in charter rates in the drybulk and containership markets also affects the value of our vessels, which follow the trends of drybulk and containership freight and charter rates, and earnings on our charters, and similarly, affects our cash flows and liquidity and, potentially, compliance with the covenants contained in our loan agreements. The decline in these markets has had and may continue to have additional adverse consequences for our industry including limited financing for newbuildings, a limited secondhand market for the sale of vessels, charterers' seeking to renegotiate the rates and, failing to meet their obligations under, existing time charters, and widespread loan covenant defaults in the drybulk and container shipping industry.

Because the factors affecting the supply and demand for vessels are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are unpredictable, and as a result so are the rates we can charter our vessels at. In addition, we may not be able to successfully charter our vessels in the future or renew existing charters at rates sufficient to allow us to meet our obligations or to pay dividends to our shareholders.

Some of the factors that influence demand for vessel capacity include:

- supply of and demand for drybulk commodities, as well as containerized cargo;
- changes in the exploration or production of energy resources, commodities, semi-finished and finished consumer and industrial products;
- global and regional economic and political conditions, including armed conflicts and terrorist activities; embargoes and strikes;

- the location of regional and global exploration, production and manufacturing facilities;

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- availability of credit to finance international trade;
- the location of consuming regions for energy resources, commodities, semi-finished and finished consumer and industrial products;
 - the distance drybulk and containerized commodities are to be moved by sea;
 - environmental and other regulatory developments;
 - currency exchange rates;
- changes in global production and manufacturing distribution patterns of finished goods that utilize drybulk and other containerized commodities;
 - changes in seaborne and other transportation patterns; and
 - weather.

Some of the factors that influence the supply of vessel capacity include:

- the number of newbuilding deliveries;the scrapping rate of older vessels;
 - the price of steel and other materials;
 - port and canal congestion;
- changes in environmental and other regulations that may limit the useful life of vessels;
 - vessel casualties; and
 - the number of vessels that are out of service.

We anticipate that the future demand for our drybulk, container and multipurpose vessels and the charter rates of the corresponding markets will be dependent upon economic recovery in the United States, Europe and Japan, among others, as well as continued economic growth in China, India and the overall world economy, seasonal and regional changes in demand, and changes to the capacity of the world fleet. The capacity of the world fleet seems likely to increase and economic growth may not continue. Adverse economic, political, social or other developments could also have a material adverse effect on our business and results of operations.

We may continue to have difficulty securing profitable employment for our vessels which are not currently employed, as well as other vessels as their charters expire, in the currently depressed drybulk and containership markets.

As of September 4, 2009, we have not been able to re-charter four of our containerships, which had completed their charters, at profitable rates. As a result, three of those vessels have been laid-up, one since the beginning of the year and two since the beginning of the second quarter. The fourth such vessel recently came off charter and is currently looking for employment. Of our 13 remaining vessels, two are deployed under pool arrangements, one is deployed in the spot market and 10 are deployed on time charters, with time charters for eight of our vessels scheduled to expire during the remainder of 2009, including two containerships in September 2009, and during the first half of

2010. Given the current depressed state of the drybulk and containership charter markets, we may be unable to re-charter these vessels at attractive rates, or at all, when their charters expire. Although we do not receive any revenues from our vessels while not employed, we are required to pay expenses necessary to maintain the vessel in proper operating condition, insure it and service any indebtedness secured by such vessel. If we cannot re-charter our vessels on time charters or trade them in the spot market profitably, our results of operations and operating cash flow will be adversely affected.

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We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or otherwise adversely affect our business.

We enter into, among other things, charterparty agreements. Such agreements subject us to counterparty risks. The ability and willingness of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the maritime and offshore industries, the overall financial condition of the counterparty, charter rates received for specific types of vessels, and various expenses. In addition, in depressed market conditions, our charterers may no longer need a vessel that is currently under charter or may be able to obtain a comparable vessel at lower rates. As a result, charterers may seek to renegotiate the terms of their existing charter parties or avoid their obligations under those contracts and there have been reports of charterers, including some of our charter counterparties, renegotiating their charters or defaulting on their obligations under charters and our customers may fail to pay charter hire or attempt to renegotiate charter rates. Should a counterparty fail to honor its obligations under agreements with us, it may be difficult to secure substitute employment for such vessel, and any new charter arrangements we secure in the spot market or on time charters would be at lower rates given currently decreased charter rate levels. If our charterers fail to meet their obligations to us or attempt to renegotiate our charter agreements, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flow, as well as our ability to pay dividends in the future and compliance with covenants in our credit facilities.

We may not be able to pay dividends.

We currently intend to pay quarterly dividends to holders of our common stock, when, as and if declared by our Board of Directors. Our last dividend of \$0.10 per share was declared in August 2009 for the results of the second quarter of 2009, which investors in this offering will not have the right to receive. However, we may not earn sufficient revenues or we may incur expenses or liabilities that would reduce or eliminate the cash available for distribution as dividends. Our loan agreements may also limit the amount of dividends we can pay under some circumstances based on certain covenants included in the loan agreements.

In addition, the declaration and payment of dividends will be subject at all times to the discretion of our Board of Directors. The timing and amount of dividends will depend on our earnings, financial condition, cash requirements and availability, restrictions in our loan agreements, growth strategy, charter rates in the drybulk and container shipping industry, the provisions of Marshall Islands law affecting the payment of dividends and other factors. Marshall Islands law generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares), but if there is no surplus, dividends may be declared out of the net profits (basically, the excess of our revenue over our expenses) for the fiscal year in which the dividend is declared or the preceding fiscal year. Marshall Islands law also prohibits the payment of dividends while a company is insolvent or if it would be rendered insolvent upon the payment of a dividend. As a result, we may not be able to pay dividends.

Investors may experience significant dilution as a result of this offering.

If we sell all of the 7,000,000 shares of our common stock offered pursuant to this prospectus supplement, we will have approximately 37,645,611 shares of common stock outstanding, excluding an aggregate of 294,913 shares of common stock underlying outstanding warrants and restricted shares, with an exercise price for the shares underlying the warrants of \$10.80 per share, which represents in the aggregate an increase of approximately 22.8% in our currently issued and outstanding shares of common stock. Because the sales of the shares offered hereby will be made directly into the market or in negotiated transactions, the prices at which we sell these shares will vary and these

variations may be significant. Purchasers of the shares we sell, as well as our existing stockholders, will experience significant dilution if we sell shares at prices significantly below the price at which they invested.

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USE OF PROCEEDS

We plan to use the net proceeds from the sale of our common stock offered by this prospectus supplement for general corporate purposes and to fund vessel acquisitions.

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CAPITALIZATION

The following table sets forth our consolidated capitalization at June 30, 2009:

- on an actual basis;
- on an as adjusted basis to give effect to a cash dividend of \$3,078,561 (\$0.10 per share) declared on August 4, 2009 payable to holders of record as of the close of business on August 27, 2009, the vesting of 70,000 shares of restricted incentive stock awards, and loan repayments of \$3.0 million until September 2, 2009; and
- on an as further adjusted basis giving effect to our issuance and sale of 7,000,000 shares of common stock covered by this prospectus supplement at an assumed offering price of \$4.31 per share, the last reported sales price of our common stock on the NASDAQ Global Select Market on September 3, 2009, resulting in net proceeds of approximately \$29.2 million, after sales commissions and \$0.4 million of estimated expenses.

	As of June 30, 2009		
	Actual	As Adjusted(1)	As Further Adjusted(2)
Debt(2)(3):			
Current portion of long term debt	\$ 12,250,000	\$ 9,225,000	\$ 9,225,000
Total long term debt, net of current portion	57,290,000	57,290,000	57,290,000
Total debt	69,540,000	66,515,000	66,515,000
Shareholders' equity:			
Common stock, \$0.03 par value; 100,000,000 shares authorized on an actual, as adjusted and as further adjusted basis; 30,575,611 shares issued and outstanding on an actual basis; 30,645,611 on an as adjusted basis; 37,645,611 shares issued and outstanding on an as further adjusted basis(4)	917,269	919,369	1,129,369
Preferred stock, \$0.01 par value; 20,000,000 shares authorized on an actual, as adjusted basis and as further adjusted basis; 0 shares issued and outstanding	—	—	—
Additional paid-in capital	235,119,671	235,117,571	264,074,171
Retained earnings	13,683,055	10,604,494	10,604,494
Total shareholders' equity	249,719,995	246,641,434	275,808,034
Total capitalization	\$ 319,259,995	\$ 313,156,434	\$ 342,323,034

(1) There have been no significant changes, except as adjusted and described above, to our capitalization since June 30, 2009.

(2) We intend to drawdown \$13 million under a credit facility to be secured by the m/v "Pantelis", for which we have signed a commitment letter with a lender, to refinance a portion of the \$27.5 million purchase price for the m/v "Pantelis", which we financed entirely with cash on hand upon its delivery to us in July 2009.

(3) Debt is secured by mortgages on some of our vessels.

(4) Does not include 144,913 warrants, with an exercise price of \$10.80 per share that expire on August 25, 2010. Also does not include 150,000 shares of unvested stock incentive awards.

As of June 30, 2009, we had \$68.4 million in cash and cash equivalents which includes restricted cash of \$12.2 million and, on an "as further adjusted" basis as described above and taking into account the factors set forth below, cash and cash equivalents are approximately \$66.6 million. This amount reflects (i) the cash payment in July 2009 of the remaining installment of \$24.8 million for the acquisition of the m/v "Pantelis", (ii) dividend payments of \$3.2 million, (iii) loan repayments of \$3.0 million and (iv) net proceeds of the common stock offered hereby. In addition, we intend to drawdown \$13 million under a credit facility to be secured by the m/v "Pantelis" to increase our cash on hand.

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PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The trading market for shares of our common stock is the NASDAQ Global Select Market, on which our shares trade under the symbol "ESEA". The following table sets forth the high and low closing prices for shares of our common stock since our listing originally on the OTCBB (under symbols ESEAF.OB and EUSEF.OB), since January 31, 2007 on the NASDAQ Global Market and since January 1, 2008 on the NASDAQ Global Select Market. The prices below have been adjusted for the reverse 1-for-3 common stock split that was effected on October 6, 2006.

Period	Low	High	Dividends Paid (per share)
2006	\$ 6.70	\$ 18.93	—
2007	\$ 7.00	\$ 20.79	\$ 1.00
1st quarter 2007	7.00	10.00	\$ 0.22
2nd quarter 2007	10.35	15.75	0.24
3rd quarter 2007	11.80	16.91	0.25
4th quarter 2007	11.75	20.79	0.29
2008	\$ 3.12	\$ 16.80	\$ 1.13
1st quarter 2008	9.60	14.08	\$ 0.30
2nd quarter 2008	12.32	16.80	0.31
3rd quarter 2008	7.97	13.40	0.32
4th quarter 2008	3.12	7.83	0.20
2009*	\$ 3.51	\$ 6.05	\$ 0.20
1st quarter 2009	3.51	5.82	\$ 0.10
2nd quarter 2009	3.57	6.05	\$ 0.10
March 2009	3.51	4.74	0.10
April 2009	3.57	4.86	—
May 2009	4.85	6.05	—
June 2009	4.66	5.94	0.10
July 2009	4.23	5.26	—
August 2009	4.44	5.30	—
September 2009*	4.29	4.31	\$ 0.10 **

* Through September 3, 2009.

** A cash dividend of \$0.10 per share of common stock was paid on September 4, 2009.

TAX CONSIDERATIONS

You should carefully read the discussion of the principal U.S. federal income tax and Marshall Islands tax considerations associated with our operations and the acquisition, ownership and disposition of our common stock set forth in the section of our annual report on Form 20-F for the year ended December 31, 2008 entitled "Item 10. Additional Information—Taxation," which provides certain additional information with respect to events occurring and determinations we have made since the date of the accompanying prospectus that may be relevant to an investment decision by U.S. Holders and Non-U.S. Holders (as such terms are defined in the our Annual Report on Form 20-F for the year ended December 31, 2008).

In addition, you should note the following discussion, which replaces the discussion in the Form 20-F for the year ended December 31, 2008 under "Item 10. Additional Information—Taxation--United States Federal Income Taxation of Our Company--Exemption of Operating Income from United States Federal Income Taxation":

Exemption of Operating Income from United States Federal Income Taxation

The regulations promulgated under Section 883 provide, in pertinent part, that stock of a foreign corporation will be considered to be "primarily traded" on an established securities market if the number of shares of each class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. Our common stock, which is our sole class of our issued and outstanding stock, is "primarily traded" on the Nasdaq Global Select Market.

Under the regulations, our stock will be considered to be "regularly traded" on an established securities market if one or more classes of our stock representing 50% or more of our outstanding shares, by total combined voting power of all classes of stock entitled to vote and total value, is listed on the market which we refer to as the listing threshold. Since our common stock, our sole class of stock, is listed on the Nasdaq Global Select Market, we satisfy the listing requirement.

It is further required that with respect to each class of stock relied upon to meet the listing threshold (i) such class of the stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or 1/6 of the days in a short taxable year; and (ii) the aggregate number of shares of such class of stock traded on such market is at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year. We believe we will satisfy the trading frequency and trading volume tests. Even if this were not the case, the regulations provide that the trading frequency and trading volume tests will be deemed satisfied by a class of stock if, as we expect to be the case with our common stock, such class of stock is traded on an established market in the United States and such class of stock is regularly quoted by dealers making a market in such stock.

Notwithstanding the foregoing, the regulations provide, in pertinent part, our common stock will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the outstanding shares of our common stock are owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of our common stock, which we refer to as the "5 Percent Override Rule."

For purposes of being able to determine the persons who own 5% or more of our stock, or "5% Stockholders," the regulations permit us to rely on Schedule 13G and Schedule 13D filings with the United States Securities and Exchange Commission, or the "SEC," to identify persons who have a 5% or more beneficial interest in our common stock. The regulations further provide that an investment company which is registered under the Investment Company

Act of 1940, as amended, will not be treated as a 5% Stockholder for such purposes.

We are not currently subject to the 5 Percent Override Rule. However, there is no assurance that we will continue to qualify for exemption under Section 883. For example, we could be subject to the 5% Override Rule if another 5% Stockholder in combination with our existing 5% Stockholders were to own 50% or more of the our stock. In such a case, we would be subject to the 5% Override Rule unless we could establish that, among the shares owned by the 5% Stockholders, sufficient shares are owned by qualified shareholders to preclude non-qualified shareholders from owning 50% or more of our stock for more than half the number of days during the taxable year. These requirements are onerous and there is no assurance we will be able to satisfy them.

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Further, you should note the following, which replaces the discussion in the Form 20-F for the year ended December 31, 2008 under the heading "Item 10. Additional Information—Taxation—United States Federal Income Taxation of U.S. Holders—Passive Foreign Investment Company Status and Significant Tax Consequences":

Passive Foreign Investment Company Status and Significant Tax Consequences

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a passive foreign investment company for U.S. federal income tax purposes. In general, we will be treated as a passive foreign investment company with respect to a U.S. Holder of our common stock if, for any taxable year in which such holder held our common stock, either:

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business), or
- at least 50% of the average value of the assets held by the corporation during such taxable year produce, or are held for the production of, passive income.

Based on our current operations and future projections, we do not believe that we are, nor do we expect to become, a passive foreign investment company with respect to any taxable year. Although there is no legal authority directly on point, our belief is based principally on the position that, for purposes of determining whether we are a passive foreign investment company, the gross income we derive or are deemed to derive from the time chartering and voyage chartering activities of our wholly-owned subsidiaries should constitute active income from the performance of services rather than passive, rental income. Correspondingly, such income should not constitute passive income, and the assets that we or our wholly-owned subsidiaries own and operate in connection with the production of such income, in particular, the vessels, should not constitute passive assets for purposes of determining whether we were a passive foreign investment company. We believe there is substantial legal authority supporting our position consisting of case law and IRS pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. In the absence of any legal authority specifically relating to the statutory provisions governing passive foreign investment companies, the IRS or a court could disagree with our position. In addition, although we intend to conduct our affairs in a manner to avoid being classified as a passive foreign investment company with respect to any taxable year, we cannot assure you that the nature of our operations will not change in the future.

As discussed more fully below, if we were to be treated as a passive foreign investment company for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund," which election we refer to as a QEF election. As an alternative to making a QEF election, a U.S. Holder should be able to make a "mark-to-market" election with respect to our common stock, as discussed below.

If we were to be treated as a passive foreign investment company for any taxable year, a U.S. Holder would also be subject to special U.S. federal income tax rules in respect of such U.S. Holder's indirect interest in any of our subsidiaries that are also treated as passive foreign investment companies. Such a U.S. Holder would be permitted to make a QEF election in respect of any such subsidiary, so long as we timely provided the information necessary to such election, which we currently intend to do in such circumstances, but such a U.S. Holder would not be permitted to make a mark-to-market election in respect of such U.S. Holder's indirect interest in any such subsidiary. The application of the passive foreign investment company rules is complicated and U.S. Holders are encouraged to consult with their tax advisors regarding the application of such rules in their circumstances.

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Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF election, which U.S. Holder we refer to as an Electing Holder, the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from us by the Electing Holder. The Electing Holder's adjusted tax basis in the common stock will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common stock and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our common stock. A U.S. Holder would make a QEF election with respect to any year that our company is a passive foreign investment company by filing Internal Revenue Service Form 8621 with his U.S. federal income tax return. If we were aware that we were to be treated as a passive foreign investment company for any taxable year, we would provide each U.S. Holder with all necessary information in order to make the QEF election described above. A U.S. Holder who is treated as constructively owning shares in any of our subsidiaries which are treated as passive foreign investment companies would be required to make a separate QEF election with respect to each such subsidiary.

Taxation of U.S. Holders Making a "Mark-to-Market" Election

Alternatively, if we were to be treated as a passive foreign investment company for any taxable year and our common stock is treated as "marketable stock," as we believe is the case, a U.S. Holder would be allowed to make a "mark-to-market" election with respect to our common stock, provided the U.S. Holder completes and files Internal Revenue Service Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common stock at the end of the taxable year over such holder's adjusted tax basis in the common stock. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common stock over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in his common stock would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our common stock would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common stock would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder. A mark-to-market election would likely not be available for any of our subsidiaries that are treated as passive foreign investment companies.

Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election

Finally, if we were to be treated as a passive foreign investment company for any taxable year, a U.S. Holder who does not make either a QEF election or a "mark-to-market" election for that year, whom we refer to as a Non-Electing Holder, would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common stock in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common stock), and (2) any gain realized on the sale, exchange or other disposition of our common stock. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holders' aggregate holding period for the common stock;
- the amount allocated to the current taxable year and any taxable year before we became a passive foreign investment company would be taxed as ordinary income; and

- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These penalties would not apply to a pension or profit sharing trust or other tax-exempt organization that did not borrow funds or otherwise utilize leverage in connection with its acquisition of our common stock. If a Non-Electing Holder who is an individual dies while owning our common stock, such holder's successor generally would not receive a step-up in tax basis with respect to such stock.

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PLAN OF DISTRIBUTION

We have entered into a continuous offering program equity distribution agreement with Citigroup Global Markets Inc., or Citi, under which we may issue and sell up to 7,000,000 shares of common stock from time to time through Citi, as our sales agent. The sales, if any, of shares of common stock made under the equity distribution agreement will be made by means of ordinary brokers' transactions on the Nasdaq Global Select Market at market prices, in block transactions or as otherwise agreed by Citi and us. As an agent, Citi will not engage in any transactions that stabilize the price of our common stock.

Under the terms of the equity distribution agreement, we also may sell shares to Citi as principal for its own account at a price agreed upon at the time of sale. If we sell shares to Citi as principal, we will enter into a separate terms agreement with Citi and we will describe any such agreement in a separate prospectus supplement or pricing supplement.

Citi will use its reasonable efforts to sell, as our sales agent, the shares of common stock offered hereby on a daily basis or as otherwise agreed upon by us and Citi. We will designate the maximum amount of shares of common stock to be sold through Citi on a daily basis or otherwise as we and Citi agree. Subject to the terms and conditions of the equity distribution agreement, Citi will use its reasonable efforts to sell on our behalf all of the designated shares of our common stock. We may instruct Citi not to sell our common stock if the sales cannot be effected at or above the price designated by us in any such instruction. We or Citi may suspend the offering of our common stock by notifying the other party.

Citi will provide written confirmation to us following the close of trading on the Nasdaq Global Select Market each day on which our common stock is sold under the equity distribution agreement. Each confirmation will include the number of shares of common stock sold on that day, the aggregate gross sales proceeds and net proceeds to us.

We will pay Citi a commission equal to 2.00% of the gross sales price per share of our common stock sold through it as our agent under the equity distribution agreement. The remaining sales proceeds, after deducting any expenses payable by us and any transaction fees imposed by any governmental or self-regulatory organization in connection with the sales, will equal our net proceeds from the sale of the shares. We will report at least quarterly the number of shares of common stock sold through Citi under the equity distribution agreement, the net proceeds to us and the compensation paid by us to Citi in connection with the sales of common stock.

Settlement for sales of our common stock will occur on the third business day following the date on which any sales were made in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

We have agreed to reimburse Citi for certain of its legal expenses, in an amount not to exceed \$100,000, in certain circumstances. We estimate that the total expenses of the offering payable by us, excluding discounts and commissions under the equity distribution agreement, will be approximately \$400,000.

Citi will act as sales agent on a reasonable efforts basis. In connection with the sale of the common stock on our behalf, Citi may be deemed to be an "underwriter" within the meaning of the Securities Act, and the compensation of Citi may be deemed to be underwriting commissions or discounts. We have agreed to provide indemnification and contribution to Citi against certain civil liabilities, including liabilities under the Securities Act.

The offering of our common stock pursuant to the equity distribution agreement will terminate upon the earlier of (i) the sale of all shares of common stock subject to the equity distribution agreement, or (ii) termination of the equity

distribution agreement upon occurrence of certain events.

Citi and its affiliates have provided from time to time, and may provide in the future, investment banking, commercial banking and other financial advisory services to us and our affiliates in the ordinary course of business, for which they have received and may continue to receive customary fees and commissions.

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OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

We estimate the expenses in connection with the issuance and distribution of our common stock offered hereby, other than commissions payable to Citi, will be as follows:

Printing and Engraving Expenses	\$25,000
Legal Fees and Expenses	225,000
Accountants' Fees and Expenses	