October 31, 2016

Seaspan Reports Financial Results for the Three and Nine Months Ended September 30, 2016

Raises over $1.5B of Capital during 2016 and Continues to Benefit from Operating Cost Efficiencies

HONG KONG, China, Oct. 31, 2016 /CNW/ - Seaspan Corporation ("Seaspan") (NYSE: SSW) announced today its financial results for the three and nine months ended September 30, 2016. Below is a summary of Seaspan's key financial results:

Summary of Key Financial Results (in thousands of US dollars):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue	$ 224,875	$ 212,861	$ 664,712	$ 600,560
Reported net earnings (loss)	$ (184,034)	$ 20,490	$ (140,481)	$ 123,179
Normalized net earnings[1]	$ 43,562	$ 43,364	$ 133,543	$ 116,883
Earnings (loss) per share, basic and diluted	$ (1.86)	$ 0.07	$ (1.77)	$ 0.83
Normalized earnings per share, diluted[1]	$ 0.29	$ 0.30	$ 0.92	$ 0.76
Cash available for distribution to common Shareholders[1]	$ 90,400	$ 117,548	$ 302,150	$ 317,138
Adjusted EBITDA[1]	$ 148,354	$ 183,463	$ 489,159	$ 506,354

(1) These are non-GAAP financial measures. Please read "Reconciliation of Non-GAAP Financial Measures for the Three and Nine Months Ended September 30, 2016 and 2015—Description of Non-GAAP Financial Measures" for (a) descriptions of Normalized net earnings and Normalized earnings per share, Cash available for distribution to common shareholders, and Adjusted EBITDA and (b) reconciliations of these non-GAAP financial measures as used in this release to the most directly comparable financial measures under United States generally accepted accounting principles ("GAAP").

Summary of Key Highlights

- Raised over $1.5 billion from capital markets, sale-leaseback, and other financing transactions during the first nine months of 2016.
- Achieved 8.9% reduction in ship operating expense per ownership day during the quarter ended September 30, 2016 compared to the same quarter in the prior year, primarily due to a continued focus on cost management initiatives.
- Achieved vessel utilization of 95.6% and 97.0% for the three and nine months ended September 30, 2016, or 95.9% and 97.5% if the impact of scheduled off-hire days is excluded.
- Accepted delivery of one vessel on a five-year time charter to Maersk Line A/S ("Maersk") during the third quarter, bringing Seaspan's operating fleet to a total of 89 vessels at September 30, 2016.
- Paid $8.4 million of quarterly dividends to preferred shareholders of record as of July 29, 2016.
- Paid a quarterly dividend for the 2016 second quarter of $0.375 per Class A common share to all shareholders of record as of July 20, 2016.

Gerry Wang, Chief Executive Officer, Co-Chairman and Co-Founder of Seaspan, commented, "We continued to enhance our liquidity position and fund our newbuild program by accessing over $400 million in capital during the third quarter, bringing total capital raised year-to-date to over $1.5 billion. Our continued ability to access diverse sources of capital on attractive terms, from multiple markets and geographies, is one of the key factors that differentiates us from competitors."

Mr. Wang added, "During the third quarter, we continued to modernize our fleet with the delivery of our eleventh 10000 TEU SAVER containership, which commenced a five-year fixed-rate time charter with Maersk Line. This represents the fifth newbuilding vessel that has been delivered to Seaspan this year. We are also very pleased with the success of our cost control measures that resulted in a decline in our ship operating expenses while our fleet ownership days continued to increase."

Mr. Wang concluded, "Seaspan has grown through periods of adversity to become the world's largest independent containership owner and lessor. With future contracted revenue of over $5 billion and over $500 million in liquidity, we believe that Seaspan is well positioned to capitalize on opportunities that may arise due to industry challenges. Consistent with our past success, we intend to remain disciplined in pursuing opportunities with a focus on creating long-term value."

Third Quarter Developments

Vessel Delivery

In September 2016, Seaspan accepted delivery of one 10000 TEU containership, the Maersk Genoa. The Maersk Genoa was constructed at Jiangsu New Yangzi Shipbuilding Co., Ltd. and Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd. using our fuel efficient SAVER design and commenced a five-year, fixed-rate time charter with Maersk upon delivery.

Vessel Disposal

In August 2016, Seaspan sold a 4600 TEU vessel, the Seaspan Excellence, to a ship recycler for net sale proceeds of approximately $5.8 million, resulting in a loss on disposition of approximately $16.5 million.

Equity Financings

In August 2016, Seaspan issued 9,000,000 of its 7.875% Series H preferred shares in a public offering at a price of $25.00 per share, for net proceeds of approximately $217.7 million before expenses.

In August 2016, Seaspan issued 3,200,000 of its 8.2% Series G preferred shares in a follow-on public offering at a price of $25.00 per share, for net proceeds of approximately $76.5 million before expenses.

Revolving Credit Facility

In August 2016, Seaspan increased its 364-day unsecured, revolving loan facility by $10.0 million to a total commitment of $160.0 million.

Lease Financing

In September 2016, Seaspan entered into a sale leaseback transaction with special purpose companies ("SPCs") for the Maersk Genoa for gross proceeds of $100.0 million. Under the lease, Seaspan sold the vessel to the SPCs and leased the vessel back over a nine-year term, with an option to purchase the vessel at the end of the lease term for a pre-determined fair value purchase price. If the purchase option is not exercised, the lease term may be extended for an additional two years, at the option of the SPCs.

Hanjin Shipping Bankruptcy

On August 31, 2016, Seaspan's customer Hanjin Shipping Co., Ltd. ("Hanjin") filed for bankruptcy in Korea (the "Hanjin Proceeding"). Charters for three of Seaspan's 10000 TEU vessels and the Seaspan Efficiency have been cancelled and all four vessels have been returned. Seaspan stopped recognizing revenue on these vessels on September 1, 2016 after Hanjin declared bankruptcy.

Vessel Impairments

During the quarter ended September 30, 2016, Seaspan recognized non-cash vessel impairments of $202.8 million related to ten vessels under 5000 TEU in size.

Subsequent Events

Dividends

On October 11, 2016, Seaspan declared quarterly cash dividends on its common and preferred shares, for total distributions of $55.2 million.

Vessel Sales

In October and November 2011, Seaspan entered into agreements to bareboat charter four 4800 TEU vessels to MSC Mediterranean Shipping Company S.A. ("MSC"), each for a five-year term and MSC agreed to purchase the vessels for $5.0 million each at the end of the bareboat charters. In October 2016, two of the 4800 TEU vessels, the MSC Manu and MSC Leanne, completed their five-year bareboat charter terms and were sold to MSC for $5.0 million per vessel.

Sale of Seaspan Efficiency

In October 2016, Seaspan entered into an agreement for the sale of the Seaspan Efficiency, a 2003-built 4600 TEU class containership, to a ship recycler for gross sale proceeds of approximately $6.4 million.

Results for the Three and Nine Months Ended September 30, 2016

At the beginning of 2016, Seaspan had 85 vessels in operation. Seaspan accepted delivery of three newbuilding vessels, leased in two vessels and sold one 4600 TEU class vessel during the nine months ended September 30, 2016, bringing its operating fleet to a total of 89 vessels as at September 30, 2016. Revenue from time charters is determined primarily by the number of operating days, and ship operating expense is determined primarily by the number of ownership days.

	Three Months Ended September 30,		Increase		Nine Months Ended September 30,		Increase	
	2016	2015	Days	%	2016	2015	Days	%
Operating days[1].............	7,451	7,176	275	3.8%	22,091	20,438	1,653	8.1%
Ownership days[1]...........	7,794	7,225	569	7.9%	22,781	20,696	2,085	10.1%

The following table summarizes Seaspan's vessel utilization by quarter and for the nine months ended September 30, 2016 and 2015:

	First Quarter		Second Quarter		Third Quarter		Year To Date-September 30,	
	2016	2015	2016	2015	2016	2015	2016	2015
Vessel Utilization:								
Ownership Days[1]............	7,375	6,570	7,612	6,901	7,794	7,225	22,781	20,696
Less Off-hire Days:								
Scheduled 5-Year Survey..........................	(75)	(49)	(19)	(66)	(25)	(39)	(119)	(154)
Unscheduled Off-hire[2]	(128)	(21)	(125)	(73)	(318)	(10)	(571)	(104)
Operating Days[1]............	**7,172**	**6,500**	**7,468**	**6,762**	**7,451**	**7,176**	**22,091**	**20,438**
Vessel Utilization............	**97.2 %**	**98.9 %**	**98.1 %**	**98.0 %**	**95.6 %**	**99.3 %**	**97.0 %**	**98.8 %**

(1) Operating and ownership days include leased vessels and exclude vessels under bareboat charter.
(2) Unscheduled off-hire includes days related to vessels off-charter.

The following table summarizes Seaspan's consolidated financial results for the three and nine months ended September 30, 2016 and 2015:

Financial Summary (in millions of US dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue..	$ 224.9	$ 212.9	$ 664.7	$ 600.6
Ship operating expense.....................................	48.6	49.4	145.4	143.3
Depreciation and amortization expense.............	52.7	51.5	166.1	150.5
General and administrative expense..................	8.1	7.0	25.0	20.1
Operating lease expense..................................	23.8	11.2	59.3	25.9
Interest expense and amortization of deferred financing fees...	30.0	29.0	90.2	82.2
Loss on disposal...	16.5	-	16.5	-
Expenses related to customer bankruptcy........	18.9	-	18.9	-
Vessel impairments...	202.8	-	202.8	-
Change in fair value of financial instruments.....	(0.7)	44.8	75.1	64.6

Revenue

Revenue increased by 5.6% to $224.9 million and 10.7% to $664.7 million for the three and nine months ended September 30, 2016, respectively, over the same periods in 2015, primarily due to the delivery of newbuilding vessels in 2015 and 2016 and the addition of two leased in vessels in 2016. These increases were partially offset by lower average charter rates for vessels that were on short-term charters, an increase in unscheduled off-hire, primarily relating to vessels being off-charter, and a reduction in revenue on three 10000 TEU vessels as Seaspan stopped recognizing revenue on these vessels on September 1, 2016 after Hanjin declared bankruptcy. Any future revenue relating to these Hanjin charters will be recognized on a cash basis.

The increases in operating days and the related financial impact thereof for the three and nine months ended September 30, 2016, respectively, relative to the same periods in 2015, are attributable to the following:

	Three Months Ended September 30		Nine Months Ended September 30	
	Operating Days Impact	**$ Impact (in millions)**	**Operating Days Impact**	**$ Impact (in millions)**
2016 vessel deliveries............................	387	15.6	632	25.2
Full period contribution for 2015 vessel deliveries....................................	227	9.8	1,417	62.5
Change in daily charter hire rate and re-charters..	-	(7.1)	-	(19.8)
Additional days due to leap year............	-	-	81	2.1
Unscheduled off-hire...............................	(308)	(4.9)	(467)	(7.7)
Scheduled off-hire...................................	14	0.6	35	(1.2)
Supervision fee revenue..........................	-	2.6	-	6.5
Vessel management revenue.................	-	0.1	-	1.1
Customer bankruptcy.............................	-	(3.9)	-	(3.9)
Vessel disposal......................................	(45)	(0.7)	(45)	(0.7)
Other...	-	(0.1)	-	0.1
Total	**275**	**$ 12.0**	**1,653**	**$ 64.2**

Vessel utilization was 95.6% and 97.0% for the three and nine months ended September 30, 2016, respectively, compared to 99.3% and 98.8% for the same periods in 2015.

The decrease in vessel utilization for the three and nine months ended September 30, 2016, compared to the same periods in 2015, was primarily due to increases in unscheduled off-hire of 308 and 467 days, respectively.

Seaspan completed dry-dockings for the following 15 vessels during the three and nine months ended September 30, 2016:

Vessel Class (TEU)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Year To Date-September 30, 2016**
2500.................................	—	—	1	1
3500.................................	—	—	1	1
4250.................................	2 (1)	1 (1)	1 (1)	4
4500.................................	1	—	—	1
8500.................................	1	—	—	1
13100...............................	5	2	—	7
	9	3	3	15

(1) Dry-docking for these vessels was completed between their time charters.

Ship Operating Expense

Ship operating expense decreased by 1.7% to $48.6 million for the three months ended September 30, 2016, compared to the same period in 2015, primarily due to cost management initiatives. This decrease was achieved while ownership days increased by 7.9% due to the delivery of newbuilding vessels in 2015 and 2016, and the additional two leased in vessels in 2016. As a result, ship operating expense per ownership day declined by 8.9% for the three months ended September 30, 2016, compared to the same period in 2015.

Ship operating expense per ownership day declined by 7.8% in the nine months ended September 30, 2016 compared to the same period in 2015. While ship ownership days increased by 10.1% due to the delivery of newbuilding vessels in 2015 and 2016, ship operating expenses were held to an increase of only 1.5% during the period, primarily due to cost management initiatives.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 2.3% to $52.7 million and by 10.4% to $166.1 million for the three and nine months ended September 30, 2016, respectively, compared to the same periods in 2015, primarily due to an increase in fleet size from vessels delivered in 2015 and an increase in dry-dock amortization from an increase in the number of vessels dry-docked. The increases were partially offset by a reduction in write-offs of replaced vessel equipment.

General and Administrative Expense

General and administrative expense increased by 16.3% to $8.1 million and by 23.9% to $25.0 million for the three and nine months ended September 30, 2016, respectively, compared to the same periods in 2015. The increases were primarily due to an increase in non-cash stock-based compensation, professional fees and other corporate expenses incurred.

Operating Lease Expense

Operating lease expense increased to $23.8 million and $59.3 million for the three and nine months ended September 30, 2016, respectively, from $11.2 million and $25.9 million in the same periods in 2015. The increases were primarily due to the delivery of four vessels in 2015 and three vessels in 2016 that were financed through sale-leaseback transactions and due to the two leases entered into with third parties in April and May 2016 for a 10000 TEU vessel, the MOL Beyond and a 14000 TEU vessel, the YM Window, respectively.

Interest Expense and Amortization of Deferred Financing Fees

The following table summarizes Seaspan's borrowings:

(in millions of US dollars)	As at September 30, 2016	As at September 30, 2015
Long-term debt, excluding deferred financing fees	$ 3,104.4	$ 3,347.3
Other long-term liabilities, excluding deferred gains, deferred financing fees and other	505.1	348.7
Total borrowings	3,609.5	3,696.0
Less: Vessels under construction	(300.7)	(154.1)
Operating borrowings	$ 3,308.8	$ 3,541.9

Interest expense and amortization of deferred financing fees increased by $1.0 million to $30.0 million and by $8.0 million to $90.2 million for the three and nine months ended September 30, 2016, respectively, compared to the same periods in 2015. The increases in interest expense were due to an increase in operating borrowings primarily related to certain vessels that delivered in 2015 and an increase in LIBOR, partially offset by repayments made on existing operating borrowings and lower amortization of deferred financing fees. For the nine months ended September 30, 2016, the increase was also due to the full period impact of three 4500 TEU vessels which were refinanced in March 2015.

Loss on Disposal

Loss on disposal was $16.5 million for the three and nine months ended September 30, 2016 due to the sale of the Seaspan Excellence to a ship recycler for net sale proceeds of approximately $5.8 million.

Expenses Related to Customer Bankruptcy

Expenses related to customer bankruptcy were $18.9 million for the three and nine months ended September 30, 2016 due to the recognition of a full reserve for past due accounts receivable as a result of the Hanjin Proceeding.

Vessel Impairments

During the quarter ended September 30, 2016, Seaspan recognized non-cash vessel impairments of $202.8 million related to ten vessels under 5000 TEU in size. Seaspan reviews its vessels for impairment whenever events or changes in circumstances indicate that the carrying amount of the vessels may not be recoverable. Seaspan performed an impairment test of its vessels at September 30, 2016 due to the continued weakness in current market rates and declines in the vessels' market values. Including the $202.8 million non-cash impairment charge Seaspan recognized during the quarter ended September 30, 2016, the aggregate non-cash impairment charge for fiscal 2016 is expected to be in the range of $260.0 million to $290.0 million.

Change in Fair Value of Financial Instruments

The change in fair value of financial instruments resulted in a gain of $0.7 million and a loss of $75.1 million for the three and nine months ended September 30, 2016, respectively, compared to losses of $44.8 million and $64.6 million for the same periods in 2015. The gain of $0.7 million for the three months ended September 30, 2016 was primarily due to increases in the forward LIBOR curve, offset by swap settlements. The loss of $75.1 million for the nine months ended September 30, 2016 was primarily due to decreases in the forward LIBOR curve and the effect of the passage of time.

About Seaspan

Seaspan provides many of the world's major shipping lines with creative outsourcing alternatives to vessel ownership by offering long-term leases on large, modern containerships combined with industry-leading ship management services. Seaspan's managed fleet consists of 113 containerships representing a total capacity of over 915,000 TEU, including 12 newbuilding containerships on order scheduled for delivery to Seaspan and third parties by the end of 2017. Seaspan's current operating fleet of 87 vessels has an average age of approximately six years and an average remaining lease period of approximately five years, on a TEU weighted basis.

Seaspan has the following securities listed on The New York Stock Exchange:

Symbol:	Description:
SSW	Class A common shares
SSW PR D	Series D preferred shares
SSW PR E	Series E preferred shares
SSW PR G	Series G preferred shares
SSW PR H	Series H preferred shares
SSWN	6.375% senior unsecured notes due 2019

Conference Call and Webcast

Seaspan will host a conference call and webcast presentation for investors and analysts to discuss its results for the three and nine months ended September 30, 2016 on November 1, 2016 at 6:30 a.m. PT / 9:30 a.m. ET. Participants should call 1-877-246-9875 (US/Canada) or 1-707-287-9353 (International) and request the Seaspan call. A telephonic replay will be available for anyone unable to participate in the live call. To access the replay, call 1-855-859-2056 or 1-404-537-3406 and enter the replay passcode: 4748443. The recording will be available from November 1, 2016 at 9:30 a.m. PT / 12:30 p.m. ET through 8:59 p.m. PT / 11:59 p.m. ET on November 15, 2016. The conference call will also be broadcast live over the Internet and will include a slide presentation. To access the live webcast of the conference call, go to www.seaspancorp.com and click on "News & Events" then "Events & Presentations" for the link. The webcast will be archived on the site for one year.

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2016
(IN THOUSANDS OF US DOLLARS)

	September 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 538,476	$ 215,520
Short-term investments	2,341	3,415
Accounts receivable	27,143	24,065
Loans to affiliate	75,041	219,649
Prepaid expenses	39,021	39,731
Gross investment in lease	21,891	37,783
Fair value of financial instruments	11,451	—
	715,364	540,163
Vessels	4,712,510	5,069,229
Vessels under construction	300,679	209,119
Deferred charges	71,898	57,299
Goodwill	75,321	75,321
Other assets	114,970	89,056
Fair value of financial instruments	—	33,632
	$ 5,990,742	$ 6,073,819
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 74,024	$ 76,386
Current portion of deferred revenue	28,184	22,199
Current portion of long-term debt	428,245	285,783
Current portion of other long-term liabilities	46,834	38,173
Fair value of financial instruments	28,754	1,260
	606,041	423,801
Deferred revenue	1,918	2,730
Long-term debt	2,653,745	3,072,058
Other long-term liabilities	662,823	462,161
Fair value of financial instruments	269,024	336,886
	4,193,551	4,297,636
Shareholders' equity:		
Share capital	1,384	1,223

Treasury shares	(367)	(356)
Additional paid in capital	2,577,357	2,266,661
Deficit	(753,785)	(460,425)
Accumulated other comprehensive loss	(27,398)	(30,920)
	1,797,191	1,776,183
	$ 5,990,742	$ 6,073,819

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue	$ 224,875	$ 212,861	$ 664,712	$ 600,560
Operating expenses:				
Ship operating	48,590	49,429	145,430	143,295
Cost of services, supervision fees	2,600	—	7,800	1,300
Depreciation and amortization	52,701	51,528	166,053	150,478
General and administrative	8,094	6,959	24,951	20,141
Operating leases	23,817	11,155	59,330	25,889
Loss on disposal	16,487	—	16,487	—
Expenses related to customer bankruptcy	18,883	—	18,883	—
Vessel impairments	202,775	—	202,775	—
	373,947	119,071	641,709	341,103
Operating earnings (loss)	(149,072)	93,790	23,003	259,457
Other expenses (income):				
Interest expense and amortization of deferred financing fees	29,952	28,950	90,190	82,207
Interest income	(1,231)	(1,611)	(7,076)	(8,270)
Undrawn credit facility fees	810	758	1,963	2,465
Refinancing expenses	1,190	1,616	1,962	3,920
Change in fair value of financial instruments	(684)	44,774	75,081	64,629
Equity loss (income) on investment	4,562	(1,683)	594	(3,017)
Other expenses (income)	363	496	770	(5,656)
	34,962	73,300	163,484	136,278
Net earnings (loss)	**$ (184,034)**	**$ 20,490**	**$ (140,481)**	**$ 123,179**
Deficit, beginning of period	(521,404)	(454,078)	(460,425)	(459,161)
Dividends - common shares	(39,532)	(37,183)	(113,287)	(107,284)
Dividends - preferred shares	(8,370)	(13,435)	(38,523)	(40,305)
Amortization of Series C issuance costs	—	(333)	(116)	(968)
Other	(445)	(22)	(953)	(22)
Deficit, end of period	$ (753,785)	$ (484,561)	$ (753,785)	$ (484,561)
Weighted average number of shares, basic	106,000	99,769	101,763	98,998
Weighted average number of shares, diluted	106,046	99,828	101,836	99,055
Earnings (loss) per share, basic and diluted	$ (1.86)	$ 0.07	$ (1.77)	$ 0.83

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(IN THOUSANDS OF US DOLLARS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net earnings (loss)	**$ (184,034)**	**$ 20,490**	**$ (140,481)**	**$ 123,179**
Other comprehensive income:				

Amounts reclassified to net earnings (loss) during the period relating to cash flow hedging instruments	1,414	1,045	3,522	3,320
Comprehensive income (loss)	**$ (182,620)**	**$ 21,535**	**$ (136,959)**	**$ 126,499**

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(IN THOUSANDS OF US DOLLARS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Cash from (used in):				
Operating activities:				
Net earnings (loss)	$ (184,034)	$ 20,490	$ (140,481)	$ 123,179
Items not involving cash:				
Depreciation and amortization	52,701	51,528	166,053	150,478
Share-based compensation	1,986	947	4,404	2,961
Amortization of deferred financing fees	3,385	3,799	9,751	10,390
Amounts reclassified from other comprehensive loss to interest expense	1,166	786	2,761	2,503
Unrealized change in fair value of financial instruments	(20,921)	17,017	9,429	(18,390)
Refinancing expenses	905	1,616	1,677	3,920
Equity loss (income) on investment	4,562	(1,683)	594	(3,017)
Operating leases	(5,472)	(2,733)	(13,788)	(6,086)
Vessel impairments	202,775	—	202,775	—
Expenses related to customer bankruptcy	18,883	—	18,883	—
Loss on disposal	16,487	—	16,487	—
Other income	—	—	—	(6,600)
Other	7	1,771	51	6,145
Changes in assets and liabilities	(25,514)	(10,665)	(46,094)	(26,247)
Cash from operating activities	66,916	82,873	232,502	239,236
Financing activities:				
Common shares issued, net of issuance costs	—	—	96,034	—
Preferred shares issued, net of issuance costs	294,073	—	541,736	—
Draws on credit facilities	—	142,500	220,485	338,075
Repayment of credit facilities	(212,144)	(145,972)	(503,260)	(450,825)
Draws on other long-term liabilities	99,600	—	180,750	150,000
Repayment of other long-term liabilities	(6,225)	(5,869)	(18,408)	(15,723)
Common shares repurchased, including related expenses	—	—	(8,269)	—
Preferred shares redeemed, including related expenses	(13)	—	(333,074)	—
Preferred shares repurchased	—	(1,020)	—	(1,020)
Financing fees	(1,550)	(2,607)	(12,568)	(15,025)
Dividends on common shares	(38,284)	(36,105)	(109,347)	(69,533)
Dividends on preferred shares	(8,371)	(13,435)	(38,524)	(40,305)
Proceeds from sale-leaseback of vessels	100,000	144,000	354,000	398,000
Cash from financing activities	227,086	81,492	369,555	293,644
Investing activities:				
Expenditures for vessels	(106,755)	(148,297)	(322,291)	(540,626)
Short-term investments	24	9,549	1,074	(2,274)
Net proceeds from vessel disposal	5,843	—	5,843	—
Loans to affiliate	(978)	(48,771)	(17,198)	(134,232)
Repayment of loans to affiliate	—	9,127	54,306	192,574
Other assets	(317)	(510)	(634)	(417)
Restricted cash	—	—	(201)	—
Cash used in investing activities	(102,183)	(178,902)	(279,101)	(484,975)
Increase (decrease) in cash and cash equivalents	191,819	(14,537)	322,956	47,905
Cash and cash equivalents, beginning of period	346,657	264,197	215,520	201,755
Cash and cash equivalents, end of period	$ 538,476	$ 249,660	$ 538,476	$ 249,660

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(IN THOUSANDS OF US DOLLARS)

Description of Non-GAAP Financial Measures

A. Cash Available for Distribution to Common Shareholders

Cash available for distribution to common shareholders is defined as net earnings (loss) adjusted for depreciation and amortization, interest expense and amortization of deferred financing fees, refinancing expenses, share-based compensation, change in fair value of financial instruments, bareboat charter adjustment, gain on sales, loss on disposal, expenses related to customer bankruptcy, adjustments to equity loss (income) on investment, vessel impairments, amortization of deferred gain, foreign exchange gain, dry-dock reserve adjustment, cash dividends paid on preferred shares, interest expense at the hedged rate and certain other items that Seaspan believes are not representative of its operating performance.

Cash available for distribution to common shareholders is a non-GAAP measure used to assist in evaluating Seaspan's ability to make quarterly cash dividends before reserves for replacement capital expenditures. Cash available for distribution to common shareholders is not defined by United States generally accepted accounting principles ("GAAP") and should not be considered as an alternative to net earnings or any other indicator of Seaspan's performance required to be reported by GAAP.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net earnings (loss)	$ (184,034)	$ 20,490	$ (140,481)	$ 123,179
Add:				
Depreciation and amortization	52,701	51,528	166,053	150,478
Interest expense and amortization of deferred financing fees	29,952	28,950	90,190	82,207
Refinancing expenses	905	1,616	1,677	3,920
Share-based compensation	1,986	947	4,404	2,961
Change in fair value of financial instruments(1)	(563)	44,342	74,794	63,720
Bareboat charter adjustment, net(2)	4,971	4,691	14,579	13,693
Gain on sales(3)	3,720	34,485	52,235	84,687
Loss on disposal(4)	16,487	—	16,487	—
Expenses related to customer bankruptcy(5)	18,883	—	18,883	—
Adjustments to equity loss (income) on investment(6)	5,880	—	5,880	—
Vessel impairments(7)	202,775	—	202,775	—
Less:				
Amortization of deferred gain(8)	(4,888)	(2,733)	(13,204)	(6,086)
Foreign exchange gain(9)	—	—	—	(6,600)
Dry-dock reserve adjustment	(6,381)	(4,339)	(17,362)	(12,321)
Cash dividends paid on preferred shares:				
Series C	—	(8,114)	(19,665)	(24,342)
Series D	(2,475)	(2,537)	(7,425)	(7,611)
Series E	(2,770)	(2,784)	(8,308)	(8,352)
Series F	(1,973)	—	(1,973)	—
Series G	(1,153)	—	(1,153)	—
Net cash flows before interest payments	134,023	166,542	438,386	459,533
Less:				
Interest expense at the hedged rate(10)	(43,623)	(48,994)	(136,236)	(142,395)
Cash available for distribution to common shareholders	**$ 90,400**	**$ 117,548**	**$ 302,150**	**$ 317,138**

B. Normalized Net Earnings and Normalized Earnings per Share

Normalized net earnings is defined as net earnings (loss) adjusted for interest expense, excluding amortization of deferred financing fees, refinancing expenses, loss on disposal, expenses related to customer bankruptcy, adjustments to equity loss (income) on investment, vessel impairments, foreign exchange gain, change in fair value of financial instruments, interest expense at the hedged rate, write-off of vessel equipment and certain other items Seaspan believes affect the comparability of operating results. Normalized net earnings is a useful measure because it excludes those items that Seaspan believes are not representative of its operating performance.

Normalized net earnings and normalized earnings per share are not defined by GAAP and should not be considered as an alternative to net earnings, earnings per share or any other indicator of Seaspan's performance required to be reported by GAAP.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net earnings (loss)	$ (184,034)	$ 20,490	$ (140,481)	$ 123,179
Adjust:				
Interest expense, excluding amortization of deferred financing fees	26,567	25,151	80,439	71,817
Refinancing expenses	1,190	1,616	1,962	3,920
Loss on disposal[4]	16,487	—	16,487	—
Expenses related to customer bankruptcy[5]	18,883	—	18,883	—
Adjustments to equity loss (income) on investment[6]	5,880	—	5,880	—
Vessel impairments[7]	202,775	—	202,775	—
Foreign exchange gain[9]	—	—	—	(6,600)
Change in fair value of financial instruments[1]	(563)	44,342	74,794	63,720
Interest expense at the hedged rate[10]	(43,623)	(48,994)	(136,236)	(142,395)
Write-off of vessel equipment[11]	—	759	9,040	3,242
Normalized net earnings	**$ 43,562**	**$ 43,364**	**$ 133,543**	**$ 116,883**
Less: preferred share dividends				
Series C (including amortization of issuance costs)	—	8,444	14,420	25,307
Series D	2,475	2,537	7,425	7,611
Series E	2,769	2,784	8,307	8,352
Series F	2,433	—	3,622	—
Series G	3,014	—	3,407	—
Series H	2,412	—	2,412	—
	13,103	**13,765**	**39,593**	**41,270**
Normalized net earnings attributable to common shareholders	**$ 30,459**	**$ 29,599**	**$ 93,950**	**$ 75,613**
Weighted average number of shares used to compute earnings per share				
Reported, basic	**106,000**	**99,769**	**101,763**	**98,998**
Share-based compensation	46	59	73	57
Reported and normalized, diluted[12]	**106,046**	**99,828**	**101,836**	**99,055**
Earnings (loss) per share:				
Reported, basic and diluted	**$ (1.86)**	**$ 0.07**	**$ (1.77)**	**$ 0.83**
Normalized, diluted[13]	**$ 0.29**	**$ 0.30**	**$ 0.92**	**$ 0.76**

C. Adjusted EBITDA

Adjusted EBITDA is defined as net earnings (loss) adjusted for interest expense and amortization of deferred financing fees, interest income, undrawn credit facility fees, depreciation and amortization, refinancing expenses, share-based compensation, gain on sales, loss on disposal, expenses related to customer bankruptcy, adjustments to equity loss (income) on investment, vessel impairments, amortization of deferred gain, foreign exchange gain, bareboat charter adjustment, change in fair value of financial instruments and certain other items that Seaspan believes are not representative of its operating performance.

Adjusted EBITDA provides useful information to investors in assessing Seaspan's results of operations. Seaspan believes that this measure is useful in assessing performance and highlighting trends on an overall basis. Seaspan also believes that this measure can be useful in comparing its results with those of other companies, even though other companies may not calculate this measure in the same way as Seaspan. The GAAP measure most directly comparable to Adjusted EBITDA is net earnings. Adjusted EBITDA is not defined by GAAP and should not be considered as an alternative to net earnings or any other indicator of Seaspan's performance required to be reported by GAAP.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015

Net earnings (loss)	$ (184,034)	$ 20,490	$ (140,481)	$ 123,179
Adjust:				
Interest expense and amortization of deferred financing fees	29,952	28,950	90,190	82,207
Interest income	(1,231)	(1,611)	(7,076)	(8,270)
Undrawn credit facility fees	810	758	1,963	2,465
Depreciation and amortization	52,701	51,528	166,053	150,478
Refinancing expenses	905	1,616	1,677	3,920
Share-based compensation	1,986	947	4,404	2,961
Gain on sales(3)	3,720	34,485	52,235	84,687
Loss on disposal(4)	16,487	—	16,487	—
Expenses related to customer bankruptcy(5)	18,883	—	18,883	—
Adjustments to equity loss (income) on investment(6)	5,880	—	5,880	—
Vessel impairments(7)	202,775	—	202,775	—
Amortization of deferred gain(8)	(4,888)	(2,733)	(13,204)	(6,086)
Foreign exchange gain(9)	—	—	—	(6,600)
Bareboat charter adjustment, net(2)	4,971	4,691	14,579	13,693
Change in fair value of financial instruments(1)	(563)	44,342	74,794	63,720
Adjusted EBITDA	**$ 148,354**	**$ 183,463**	**$ 489,159**	**$ 506,354**

Notes to Non-GAAP Financial Measures

(1) Change in fair value of financial instruments includes realized and unrealized losses (gains) on Seaspan's interest rate swaps, unrealized losses (gains) on Seaspan's foreign currency forward contracts and unrealized losses (gains) on interest rate swaps included in equity loss (income) on investment.

(2) In the second half of 2011, Seaspan entered into agreements to bareboat charter four 4800 TEU vessels to MSC for a five-year term, beginning from vessel delivery dates that occurred in 2011. Upon delivery of the vessels to MSC, the transactions were accounted for as sales-type leases. The vessels were disposed of and a gross investment in lease was recorded, which is being amortized to income through revenue. The bareboat charter adjustment in the applicable non-GAAP measures is included to reverse the GAAP accounting treatment and reflect the transaction as if the vessels had not been disposed of. Therefore, the bareboat charter fees are added back and the interest income from leasing, which is recorded in revenue, is deducted resulting in a net bareboat charter adjustment.

(3) During the three months ended September 30, 2016, the gain on sale relates to the proceeds received in excess of vessel cost upon the sale of one 10000 TEU vessel that was sold and leased back through a sale-leaseback transaction. During the nine months ended September 30, 2016, the gain on sales relates to the proceeds received in excess of vessel cost upon the sale of two 10000 TEU vessels and one 14000 TEU vessel that were sold and leased back through sale-leaseback transactions. Under these transactions, Seaspan sold the vessels to the SPCs and is leasing the vessels back. For accounting purposes, the gain is deferred and amortized as a reduction of operating lease expense over the term of the lease.

(4) The loss on disposal relates to the sale of one 4600 TEU vessel to a ship recycler for net sale proceeds of approximately $5.8 million.

(5) Expenses related to customer bankruptcy relates to reserves made on past due accounts receivables from Hanjin. Of the $18.9 million, a majority relates to amounts recognized prior to July 2016 and the remainder relates to amounts recognized in July and August 2016. As of September 1, 2016, after Hanjin declared bankruptcy, no revenue was recognized on the Hanjin charters.

(6) Adjustments to equity loss (income) on investment excludes Seaspan's proportionate interest in the impact of the sale of GCI's two 4600 TEU vessels and the reserves for past due accounts receivables relating to GCI's four 10000 TEU vessels previously chartered to Hanjin.

(7) During the three and nine months ended September 30, 2016, Seaspan recognized vessel impairments of $202.8 million related to ten vessels less than 5000 TEU in size held for use.

(8) As of September 30, 2016, ten vessels have been sold and leased back by Seaspan. For GAAP accounting purposes, the gain on sales was deferred and is being amortized as a reduction of operating lease expense over the term of the lease.

(9) Seaspan entered into contracts for the construction of five 14000 TEU newbuilding containerships. The contracts included a foreign exchange adjustment to adjust the US dollar denominated purchase price of the vessels. In connection

with the allocation of two of the vessels to GCI, Seaspan recognized a foreign exchange gain of $6.6 million which has been included in other income.

(10) Interest expense at the hedged rate is calculated as the interest incurred on operating debt at the fixed rate on the related interest rate swaps plus the applicable margin on the related variable rate credit facilities and leases, on an accrual basis. Interest expense on fixed rate borrowings is calculated using the effective interest rate.

(11) Commencing in May 2015, Seaspan installed upgrades on certain of its vessels to enhance fuel efficiency. As a result, Seaspan incurred non-cash write-offs related to the original vessel equipment of nil and $9.0 million for the three and nine months ended September 30, 2016. These write-offs are included in depreciation and amortization expense. The costs of the vessel upgrades are recoverable from the charterer.

(12) The convertible Series F preferred shares are not included in the computation of diluted EPS because their effect is anti-dilutive for the period.

(13) The changes in normalized earnings per share for the three and nine months ended September 30, 2016 as detailed in the table below:

	Three Months Ended September 30		Nine Months Ended September 30	
Normalized earnings per share, diluted- September 30, 2015....	**$**	**0.30**	**$**	**0.76**
Excluding share count changes:				
Increase in normalized earnings[(a)]...		—		0.17
Increase from impact of preferred shares..		0.01		0.02
Share count changes:				
Increase in diluted share count (from 99,828 shares to 106,046 shares and from 99,055 to 101,836 for the three and nine months ended, respectively)..		(0.02)		(0.03)
Normalized earnings per share, diluted- September 30, 2016......	**$**	**0.29**	**$**	**0.92**

(a) The change in normalized earnings for the three months ended September 30, 2016 is primarily due to increases in operating lease expense of $12.7 million, depreciation and amortization expense of $1.9 million and general and administrative expense of $1.1 million over the same period in 2015. The decreases to normalized earnings were offset by an increase in revenue of $12.0 million and a decrease in interest at the hedged rate of $5.4 million.

The increase in normalized earnings for the nine months ended September 30, 2016 is primarily due to an increase in revenue of $64.2 million and a decrease in interest at the hedged rate of $6.2 million over the same period in 2015. These increases to normalized earnings were partially offset by increases in operating lease expense of $33.4 million, depreciation and amortization expense of $9.8 million, general and administrative expense of $4.8 million and ship operating expense of $2.1 million over the same period in 2015. Please read "Results for the Three and Nine Months Ended September 30, 2016" for a description of these changes.

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This release contains certain forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended), which reflect management's current views with respect to certain future events and performance, including, in particular, statements regarding: future operating results; time charters; ship operating expense; vessel dry-docking schedules; future contracted revenues; Seaspan's access to capital and financial strength and flexibility; Seaspan's ability to take advantage of opportunities in a challenging industry period; vessel deliveries and dividends, including the amount and timing of payment thereof for 2016. Although these statements are based upon assumptions Seaspan believes to be reasonable, they are subject to risks and uncertainties. These risks and uncertainties include, but are not limited to: the availability to Seaspan of containership acquisition or construction opportunities; the availability and cost to Seaspan of financing to pursue growth opportunities; the number of additional vessels managed by the Manager in the future; the availability of crew, number of off-hire days and dry-docking requirements, general market conditions and shipping market trends, including chartering rates; increased operating expenses; the number of off-hire days; dry-docking requirements; Seaspan's ability to borrow funds under its credit facilities and to obtain additional financing in the future; Seaspan's future cash flows and its ability to make dividend and other payments; the time that it may take to construct new ships; Seaspan's continued ability to enter into primarily long-term, fixed-rate time charters with customers; changes in governmental rules and regulations or actions taken by regulatory authorities; the financial condition of shipyards, charterers, customers, lenders, refund guarantors and other counterparties and their ability to perform their obligations under their agreements with Seaspan; the potential for early termination of long-term contracts and Seaspan's potential inability to enter into, renew or replace long-term contracts; conditions in the public capital markets and the price of Seaspan's shares; the declaration of dividends and related payment dates by Seaspan's board of directors; and other factors detailed from time-to-time in Seaspan's periodic reports and filings with the Securities and Exchange Commission, including Seaspan's Annual Report on

Form 20-F for the year ended December 31, 2015. Seaspan expressly disclaims any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in Seaspan's views or expectations, or otherwise.

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