



July 30, 2017

Seaspan Reports Financial Results for the Three and Six Months Ended June 30, 2017

Achieves Strong Operating Results, Grows Operating Fleet and Further Strengthens Financial Position



HONG KONG, July 30, 2017 Seaspan Corporation ("Seaspan") (NYSE: SSW) announced today its financial results for the three and six months ended June 30, 2017.

Key Financial Metrics

- | Total revenues of \$204.6 million for the second quarter and \$405.9 million for the six months.
- | Earnings per diluted share of \$0.11 for the second quarter and \$0.33 for the six months.
- | Normalized earnings per diluted share⁽¹⁾ of \$0.17 for the second quarter and \$0.32 for the six months.
- | Cash available for distribution to common shareholders⁽¹⁾ of \$95.0 million for the second quarter and \$155.4 million for the six months.
- | Adjusted EBITDA⁽¹⁾ of \$153.9 million for the second quarter and \$273.2 million for the six months.

⁽¹⁾ Refer to the selected financial information accompanying this press release for definitions of these non-GAAP measures and reconciliations of these non-GAAP financial measures as used in this release to the most directly comparable financial measures under U.S. generally accepted accounting principles (GAAP).

Highlights

- | Accepted delivery of one 14000 TEU vessel on long-term charter with Yang Ming Marine Transport Corp. ("Yang Ming Marine").
- | Achieved reductions of 13.8% and 12.3% in ship operating expense per ownership day during the three and six months ended June 30, 2017, respectively, compared to the same periods in 2016.
- | Achieved vessel utilization of 98.2% and 95.0% for the three and six months ended June 30, 2017, respectively.
- | Raised gross proceeds of \$33.9 million through common equity sales in "at-the-market" offerings during the three months ended June 30, 2017 and \$58.6 million for the six months ended June 30, 2017.
- | Currently eight unencumbered vessels in the Company's operating fleet: 2 x 3500 TEUs, 2 x 4500 TEUs and 4 x 4250 TEUs.
- | In July 2017, declared a quarterly dividend of \$0.125 per common share for the second quarter of 2017.

Gerry Wang, Chief Executive Officer and Co-Founder of Seaspan, commented, "During the second quarter, Seaspan grew its operating fleet with the delivery of the YM Wind, a 14000 TEU containership on a long-term fixed rate time charter. We also achieved strong operating results, highlighted by our ongoing success in reducing costs and our high utilization rate for the quarter."

Mr. Wang added, "We took important steps to further strengthen our financial position during the quarter, including entering into a sale-leaseback transaction to fund the YM Wind delivery and renewing our unsecured revolving loan facility. Both of these transactions demonstrate the company's strong access to capital. We remain committed to creating long-term shareholder value and are pleased to enter the second half of the year with a strong cash position and the financial flexibility to capitalize on future opportunities."

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	\$ 204,609	\$ 224,314	\$ 405,930	\$ 439,837
Reported net earnings	\$ 28,284	\$ 36,425	\$ 68,307	\$ 43,553
Normalized net earnings ⁽¹⁾	\$ 35,538	\$ 43,977	\$ 67,367	\$ 89,981
Earnings per share, basic and diluted	\$ 0.11	\$ 0.23	\$ 0.33	\$ 0.17
Normalized earnings per share, diluted ⁽¹⁾	\$ 0.17	\$ 0.30	\$ 0.32	\$ 0.64
Cash available for distribution to common shareholders ⁽¹⁾	\$ 95,007	\$ 111,223	\$ 155,356	\$ 211,750
Adjusted EBITDA ⁽¹⁾	\$ 153,862	\$ 177,150	\$ 273,235	\$ 340,805

(1) These are non-GAAP financial measures. Please read "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 GAAP.

Second Quarter Developments

Vessel Delivery and Financing

In May 2017, Seaspan accepted delivery of one 14000 TEU vessel, the YM Wind. The vessel was constructed at CSBC Corporation, Taiwan using our fuel-efficient SAVER design and commenced a 10-year fixed rate time charter with Yang Ming Marine in June 2017.

In May 2017, Seaspan entered into a sale-leaseback transaction with special purpose companies ("SPCs") for the YM Wind for gross proceeds of \$144.0 million. Under the lease, Seaspan sold the vessel to the SPCs and leased the vessel back for 12 years, with an option to purchase the vessel at the 9.5 year anniversary for a pre-determined fair value purchase price. Seaspan used approximately \$53.2 million of the proceeds to repay a credit facility.

Revolving Credit Facility

In April 2017, Seaspan completed the renewal of its 364-day unsecured, revolving loan facility for a total commitment of up to \$120.0 million. The facility includes features providing for an increase in commitments by up to \$30.0 million, enabling a total facility size of up to \$150.0 million.

At-the-Market Offering of Class A Common Shares

During the first quarter of 2017, Seaspan entered into an equity distribution agreement under which it may, from time to time, issue Class A common shares in at-the-market ("ATM") offerings for up to an aggregate of \$75.0 million. During the three and six months ended June 30, 2017, Seaspan issued a total of 5,650,000 and 9,350,000 Class A common shares under the ATM offerings for gross proceeds of approximately \$33.9 million and \$58.6 million, respectively.

Subsequent Events

Dividends

In July 2017, Seaspan declared quarterly cash dividends on its common and preferred shares.

Results for the Three and Six Months Ended June 30, 2017

At the beginning of 2017, Seaspan had 87 vessels in operation. Seaspan acquired one 4250 TEU vessel and accepted delivery of one 14000 TEU vessel during the six months ended June 30, 2017, bringing its operating fleet to a total of 89 vessels as at June 30, 2017. Revenue 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				Six Months Ended			
	June 30,		Increase		June 30,		Increase	
	2017	2016	Days	%	2017	2016	Days	%
Operating days ⁽¹⁾	7,895	7,468	427	5.7 %	15,150	14,640	510	3.5 %
Ownership days ⁽¹⁾	8,037	7,612	425	5.6 %	15,954	14,987	967	6.5 %

The following table summarizes Seaspan's vessel utilization by quarter and for the six months ended June 30, 2017 and 2016:

	Three Months Ended		Three Months Ended		Year To Date-	
	March 31,		June 30,		June 30,	
	2017	2016	2017	2016	2017	2016
Vessel Utilization:						
Ownership Days ⁽¹⁾	7,917	7,375	8,037	7,612	15,954	14,987
Less Off-hire Days:						
Scheduled 5-Year Survey	—	(75)	—	(19)	—	(94)
Unscheduled Off-hire ⁽²⁾	(662)	(128)	(142)	(125)	(804)	(253)
Operating Days⁽¹⁾	7,255	7,172	7,895	7,468	15,150	14,640
Vessel Utilization	91.6 %	97.2 %	98.2 %	98.1 %	95.0 %	97.7 %

(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 quarter and six months ended June 30, 2017 and 2016:

Financial Summary (in millions of US dollars)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Revenue	\$ 204.6	\$ 224.3	\$ 405.9	\$ 439.8
Ship operating expense	44.8	49.2	90.4	96.8
Depreciation and amortization expense	49.8	54.5	99.7	113.4
General and administrative expense	7.5	9.1	15.0	16.9
Operating lease expense	28.1	20.7	54.7	35.5
Interest expense and amortization of deferred financing fees	28.3	30.1	56.7	60.2
Change in fair value of financial instruments	13.6	23.6	17.0	75.8

Revenue

Revenue decreased by 8.8% to \$204.6 million for the three months ended June 30, 2017, compared to the same period in 2016, primarily due to lower average charter rates for vessels that were on short-term charters. The decrease was partially offset by the delivery of newbuilding vessels in 2016 and 2017 and the addition of two leased-in vessels in 2016.

Revenue decreased by 7.7% to \$405.9 million for the six months ended June 30, 2017, compared to the same period in 2016, primarily due to lower average charter rates for vessels that were on short-term charters and an increase in unscheduled off-hire, primarily relating to vessels being off-charter. For the six months ended June 30, 2017, 200 of the off-charter days related to three 10000 TEU vessels that were previously on long-term charters and commenced short-term charters with Hapag-Lloyd AG commencing in March and April 2017. The remaining off-charter days primarily related to panamax vessels, including four secondhand vessels purchased in December 2016. The decrease was partially offset by the delivery of newbuilding vessels in 2016 and 2017 and the addition of two leased-in vessels in 2016.

The increase in operating days and the related financial impact thereof for the three and six months ended June 30, 2017, relative to the same periods in 2016, are attributable to the following:

Three Months Ended	Six Months Ended
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	June 30, 2017		June 30, 2017	
	Operating Days Impact	\$ Impact (in millions of US dollars)	Operating Days Impact	\$ Impact (in millions of US dollars)
2017 vessel deliveries	120	1.7	207	2.0
Full period contribution for 2016 vessel deliveries	487	9.8	1,203	27.8
Change in daily charter hire rate and re-charters	—	(25.5)	—	(44.7)
Fewer days due to leap year	—	—	(81)	(2.4)
Unscheduled off-hire	(17)	(2.0)	(551)	(13.0)
Scheduled off-hire	19	1.1	94	4.8
Supervision fee revenue	—	(3.8)	—	(5.1)
Vessel disposals	(182)	(0.5)	(362)	(2.3)
Other	—	(0.5)	—	(1.0)
Total	427	\$ (19.7)	510	\$ (33.9)

Vessel utilization remained stable for the three months ended June 30, 2017, compared to the same period in 2016. Vessel utilization decreased for the six months ended June 30, 2017, compared to the same period in 2016, primarily due to an increase in off-charter days as previously described.

During the six months ended June 30, 2017, Seaspan completed dry-dockings for two 4250 TEU vessels, which were completed between their time charters.

Ship Operating Expense

Ship operating expense decreased by 9.0% to \$44.8 million and by 6.6% to \$90.4 million for the three and six months ended June 30, 2017, respectively, compared to the same periods in 2016, primarily due to cost savings initiatives. These decreases were achieved while the ownership days increased by 5.6% and 6.5% for the three and six months ended June 30, 2017. As a result, ship operating expense per ownership day declined by 13.8% and 12.3% for the three and six months ended June 30, 2017, compared to the same periods in 2016.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased by 8.7% to \$49.8 million and by 12.0% to \$99.7 million for the three and six months ended June 30, 2017, respectively, compared to the same periods in 2016, primarily due to lower depreciation on 16 vessels that were impaired as of December 31, 2016.

General and Administrative Expense

General and administrative expense decreased by 17.4% to \$7.5 million and 11.2% to \$15.0 million for the three and six months ended June 30, 2017, respectively, compared to the same periods in 2016, primarily due to higher professional fees and other expenses incurred in 2016, partially offset by an increase in non-cash stock-based compensation expense related to grants of restricted and performance stock units in 2016.

Operating Lease Expense

Operating lease expense increased to \$28.1 million and \$54.7 million for the three and six months ended June 30, 2017, respectively, from \$20.7 million and \$35.5 million for the same periods in 2016. The increase was primarily due to the delivery of two vessels in 2016 and one vessel in 2017 that were financed through sale-leaseback transactions and two operating leases entered into in 2016. For the six months ended June 30, 2017, the increase was also due to the delivery of one 10000 TEU vessel financed through a sale-leaseback transaction in the first quarter of 2016.

Interest Expense and Amortization of Deferred Financing Fees

The following table summarizes Seaspan's borrowings:

(in millions of US dollars)	As at June 30,	
	2017	2016
Long-term debt, excluding deferred financing fees	\$ 2,675.9	\$ 3,316.6
Long-term obligations under capital lease, excluding deferred financing fees	485.9	411.7

Total borrowings	3,161.8	3,728.3
Less: Vessels under construction	(278.2)	(289.8)
Operating borrowings	<u>\$ 2,883.6</u>	<u>\$ 3,438.5</u>

Interest expense and amortization of deferred financing fees decreased by \$1.8 million and \$3.5 million to \$28.3 million and \$56.7 million for the three and six months ended June 30, 2017, respectively, compared to the same periods in 2016, primarily due to repayments made on existing operating borrowings in 2016 and 2017, partially offset by an increase in LIBOR.

Change in Fair Value of Financial Instruments

The change in fair value of financial instruments resulted in losses of \$13.6 million and \$17.0 million for the three and six months ended June 30, 2017, respectively, which losses were primarily due to the impact of swap settlements, partially offset by an increase in the forward LIBOR curve.

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 114 containerships representing a total capacity of over 915,000 TEU, including nine newbuilding containerships on order scheduled for delivery to Seaspan and third parties by the end of 2018. Seaspan's current operating fleet of 89 vessels has an average age of approximately six years and an average remaining lease period of approximately four years, on a TEU-weighted basis.

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

<u>Symbol</u>	<u>Description</u>
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 six months ended June 30, 2017 on August 1, 2017 at 5:30 a.m. PT / 8:30 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 62493328. The recording will be available from August 1, 2017 at 8:30 a.m. PT / 11:30 a.m. ET through 8:30 p.m. PT / 11:30 p.m. ET on August 15, 2017. 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 JUNE 30, 2017
(IN THOUSANDS OF US DOLLARS)

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 305,592	\$ 367,901
Short-term investments	103	411
Accounts receivable	18,938	30,793
Loans to affiliate	36,100	62,414
Prepaid expenses and other	41,375	37,252
Fair value of financial instruments	—	11,338
	<u>402,108</u>	<u>510,109</u>
Vessels	4,499,228	4,577,667
Vessels under construction	278,186	306,182

Deferred charges	65,345	68,099
Goodwill	75,321	75,321
Other assets	137,614	120,451
	<u>\$ 5,457,802</u>	<u>\$ 5,657,829</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 53,783	\$ 62,157
Current portion of deferred revenue	15,611	28,179
Current portion of long-term debt	350,472	314,817
Current portion of long-term obligations under capital lease	30,443	27,824
Current portion of other long-term liabilities	23,648	21,115
Fair value of financial instruments	4,707	30,752
	<u>478,664</u>	<u>484,844</u>
Deferred revenue	1,040	1,528
Long-term debt	2,309,344	2,569,697
Long-term obligations under capital lease	445,107	459,395
Other long-term liabilities	213,336	195,104
Fair value of financial instruments	200,560	200,012
	<u>3,648,051</u>	<u>3,910,580</u>
Shareholders' equity:		
Share capital	1,507	1,385
Treasury shares	(377)	(367)
Additional paid in capital	2,658,389	2,580,274
Deficit	(825,359)	(807,496)
Accumulated other comprehensive loss	(24,409)	(26,547)
	<u>1,809,751</u>	<u>1,747,249</u>
	<u>\$ 5,457,802</u>	<u>\$ 5,657,829</u>

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	\$ 204,609	\$ 224,314	\$ 405,930	\$ 439,837
Operating expenses:				
Ship operating	44,823	49,233	90,430	96,840
Cost of services, supervision fees	—	3,900	—	5,200
Depreciation and amortization	49,798	54,515	99,744	113,352
General and administrative	7,486	9,064	14,975	16,857
Operating leases	28,148	20,662	54,658	35,513
Expenses related to customer bankruptcy	—	—	1,013	—
	<u>130,255</u>	<u>137,374</u>	<u>260,820</u>	<u>267,762</u>
Operating earnings	74,354	86,940	145,110	172,075
Other expenses (income):				
Interest expense and amortization of deferred financing fees	28,261	30,095	56,729	60,238
Interest income	(1,193)	(2,768)	(2,365)	(5,845)
Undrawn credit facility fees	635	741	1,265	1,153
Refinancing expenses	—	772	—	772
Change in fair value of financial instruments	13,610	23,614	17,027	75,765
Equity income on investment	(1,642)	(2,168)	(2,529)	(3,968)
Other expenses	6,399	229	6,676	407
	<u>46,070</u>	<u>50,515</u>	<u>76,803</u>	<u>128,522</u>
Net earnings	\$ 28,284	\$ 36,425	\$ 68,307	\$ 43,553

Deficit, beginning of period	(823,690)	(503,690)	(807,496)	(460,425)
Dividends - common shares	(13,698)	(36,875)	(53,393)	(73,755)
Dividends - preferred shares	(16,103)	(16,999)	(32,208)	(30,153)
Other	(152)	(265)	(569)	(624)
Deficit, end of period	<u>\$ (825,359)</u>	<u>\$ (521,404)</u>	<u>\$ (825,359)</u>	<u>\$ (521,404)</u>
Weighted average number of shares, basic	113,963	101,480	110,362	99,616
Weighted average number of shares, diluted	113,980	101,616	110,406	99,702
Earnings per share, basic and diluted	<u>\$ 0.11</u>	<u>\$ 0.23</u>	<u>\$ 0.33</u>	<u>\$ 0.17</u>

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(IN THOUSANDS OF US DOLLARS)

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net earnings	\$ 28,284	\$ 36,425	\$ 68,307	\$ 43,553
Other comprehensive income:				
Amounts reclassified to net earnings during the period relating to cash flow hedging instruments	662	1,047	2,138	2,108
Comprehensive income	\$ 28,946	\$ 37,472	\$ 70,445	\$ 45,661

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(IN THOUSANDS OF US DOLLARS)

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash from (used in):				
Operating activities:				
Net earnings	\$ 28,284	\$ 36,425	\$ 68,307	\$ 43,553
Items not involving cash:				
Depreciation and amortization	49,798	54,515	99,744	113,352
Share-based compensation	1,989	1,472	3,870	2,418
Amortization of deferred financing fees	3,185	3,055	6,213	6,366
Amounts reclassified from other comprehensive loss to interest expense	401	784	1,680	1,595
Unrealized change in fair value of financial instruments	(1,037)	1,491	(13,185)	30,350
Equity income on investment	(1,642)	(2,168)	(2,529)	(3,968)
Refinancing expenses	—	772	—	772
Operating leases	(5,500)	(4,450)	(10,767)	(8,316)
Other	6,389	20	6,467	44
Changes in assets and liabilities	(19,568)	(4,232)	(20,583)	(20,580)
Cash from operating activities	<u>62,299</u>	<u>87,684</u>	<u>139,217</u>	<u>165,586</u>
Financing activities:				
Common shares issued, net of issuance costs	33,362	96,034	57,266	96,034
Preferred shares issued, net of issuance costs	—	247,663	—	247,663
Draws on credit facilities	—	80,485	—	220,485
Repayment of credit facilities	(75,627)	(200,596)	(171,157)	(291,116)
Draws on long-term obligations under capital lease	—	81,150	—	81,150
Repayment of long-term obligations under capital lease	(6,508)	(6,142)	(12,873)	(12,183)
Common shares repurchased, including related expenses	—	—	—	(8,269)
Preferred shares redeemed, including				

related expenses	—	(333,061)	—	(333,061)
Senior unsecured notes repurchased, including related expenses	(2,665)	—	(3,122)	—
Financing fees	(2,314)	(9,408)	(2,314)	(11,018)
Dividends on common shares	(6,433)	(35,493)	(45,711)	(71,063)
Dividends on preferred shares	(16,103)	(16,999)	(32,208)	(30,153)
Net proceeds from sale-leaseback of vessels	90,753	144,000	90,753	254,000
Cash from (used in) financing activities	14,465	47,633	(119,366)	142,469
Investing activities:				
Expenditures for vessels	(84,453)	(98,112)	(96,361)	(215,536)
Short-term investments	—	(4)	308	1,050
Restricted cash	408	(201)	(5,799)	(201)
Loans to affiliate	(790)	(2,670)	(1,585)	(16,220)
Repayment of loans to affiliate	18,068	54,306	21,233	54,306
Other assets	(53)	(230)	44	(317)
Cash used in investing activities	(66,820)	(46,911)	(82,160)	(176,918)
Increase (decrease) in cash and cash equivalents	9,944	88,406	(62,309)	131,137
Cash and cash equivalents, beginning of period	295,648	258,251	367,901	215,520
Cash and cash equivalents, end of period	\$ 305,592	\$ 346,657	\$ 305,592	\$ 346,657

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(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 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 sale, expenses related to customer bankruptcy, termination fee, amortization of deferred 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 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. In addition, this measure may not be comparable to similar measures presented by other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net earnings	\$ 28,284	\$ 36,425	\$ 68,307	\$ 43,553
Add:				
Depreciation and amortization	49,798	54,515	99,744	113,352
Interest expense and amortization of deferred financing fees	28,261	30,095	56,729	60,238
Refinancing expenses	—	772	—	772
Share-based compensation	1,989	1,472	3,870	2,418
Change in fair value of financial instruments ⁽¹⁾	13,695	23,328	17,198	75,357
Bareboat charter adjustment, net ⁽²⁾	—	4,838	—	9,608
Gain on sale ⁽³⁾	31,291	32,182	31,291	48,515
Expenses related to customer bankruptcy ⁽⁴⁾	—	—	1,013	—
Termination fee ⁽⁵⁾	6,250	—	6,250	—
Less:				
Amortization of deferred gain ⁽⁶⁾	(5,148)	(4,450)	(10,067)	(8,316)
Dry-dock reserve adjustment	(5,543)	(5,132)	(10,854)	(10,981)
Cash dividends paid on preferred shares:				

Series C	—	(11,755)	—	(19,665)
Series D	(2,475)	(2,475)	(4,950)	(4,950)
Series E	(2,769)	(2,769)	(5,538)	(5,538)
Series F	(2,432)	—	(4,865)	—
Series G	(3,997)	—	(7,995)	—
Series H	(4,430)	—	(8,860)	—
Net cash flows before interest payments	132,774	157,046	231,273	304,363
Less:				
Interest expense at the hedged rate ⁽⁷⁾	(37,767)	(45,823)	(75,917)	(92,613)
Cash available for distribution to common shareholders	\$ 95,007	\$ 111,223	\$ 155,356	\$ 211,750

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(IN THOUSANDS OF US DOLLARS, EXCEPT PER SHARE DATA)

B. Normalized Net Earnings and Normalized Earnings per Share

Normalized net earnings is defined as net earnings adjusted for interest expense, excluding amortization of deferred financing fees, refinancing expenses, expenses related to customer bankruptcy, change in fair value of financial instruments, termination fee, 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. In addition, this measure may not be comparable to similar measures presented by other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net earnings	\$ 28,284	\$ 36,425	\$ 68,307	\$ 43,553
Adjust:				
Interest expense, excluding amortization of deferred financing fees	25,076	27,040	50,516	53,872
Refinancing expenses	—	772	—	772
Expenses related to customer bankruptcy ⁽⁴⁾	—	—	1,013	—
Change in fair value of financial instruments ⁽¹⁾	13,695	23,328	17,198	75,357
Termination fee ⁽⁵⁾	6,250	—	6,250	—
Interest expense at the hedged rate ⁽⁷⁾	(37,767)	(45,823)	(75,917)	(92,613)
Write-off of vessel equipment ⁽⁸⁾	—	2,235	—	9,040
Normalized net earnings	\$ 35,538	\$ 43,977	\$ 67,367	\$ 89,981
Less: preferred share dividends				
Series C (including amortization of issuance costs)	—	6,394	—	14,420
Series D	2,475	2,475	4,950	4,950
Series E	2,769	2,769	5,538	5,538
Series F	2,432	1,189	4,865	1,189
Series G	3,997	393	7,995	393
Series H	4,430	—	8,860	—
	16,103	13,220	32,208	26,490
Normalized net earnings attributable to common shareholders	\$ 19,435	\$ 30,757	\$ 35,159	\$ 63,491
Weighted average number of shares used to compute earnings per share				
Reported, basic	113,963	101,480	110,362	99,616
Share-based compensation	17	136	44	87
Series F convertible preferred shares	—	—	—	128

Reported and normalized, diluted ⁽⁹⁾	<u>113,980</u>	<u>101,616</u>	<u>110,406</u>	<u>99,831</u>
Earnings per share:				
Reported, basic and diluted	<u>\$ 0.11</u>	<u>\$ 0.23</u>	<u>\$ 0.33</u>	<u>\$ 0.17</u>
Normalized, diluted ⁽¹⁰⁾	<u>\$ 0.17</u>	<u>\$ 0.30</u>	<u>\$ 0.32</u>	<u>\$ 0.64</u>

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(IN THOUSANDS OF US DOLLARS)

C. Adjusted EBITDA

Adjusted EBITDA is defined as net earnings 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 sale, expenses related to customer bankruptcy, termination fee, amortization of deferred 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		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net earnings	\$ 28,284	\$ 36,425	\$ 68,307	\$ 43,553
Adjust:				
Interest expense and amortization of deferred financing fees	28,261	30,095	56,729	60,238
Interest income	(1,193)	(2,768)	(2,365)	(5,845)
Undrawn credit facility fees	635	741	1,265	1,153
Depreciation and amortization	49,798	54,515	99,744	113,352
Refinancing expenses	—	772	—	772
Share-based compensation	1,989	1,472	3,870	2,418
Gain on sale ⁽³⁾	31,291	32,182	31,291	48,515
Expenses related to customer bankruptcy ⁽⁴⁾	—	—	1,013	—
Termination fee ⁽⁵⁾	6,250	—	6,250	—
Amortization of deferred gain ⁽⁶⁾	(5,148)	(4,450)	(10,067)	(8,316)
Bareboat charter adjustment, net ⁽²⁾	—	4,838	—	9,608
Change in fair value of financial instruments ⁽¹⁾	13,695	23,328	17,198	75,357
Adjusted EBITDA	<u>\$ 153,862</u>	<u>\$ 177,150</u>	<u>\$ 273,235</u>	<u>\$ 340,805</u>

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 income on investment.

(2) In the second half of 2011, Seaspan entered into agreements to bareboat charter four 4800 TEU vessels to MSC Mediterranean Shipping Company S.A. ("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 was 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. During the fourth quarter of 2016, Seaspan sold these vessels to MSC pursuant to the agreements entered into in 2011.

- (3) The gain on sale relates to the proceeds received in excess of vessel cost upon the sale and leaseback transaction of one 14000 TEU vessel during the three and six months ended June 30, 2017. Under this transaction, Seaspan sold the vessel to special purpose companies and is leasing the vessel back. For accounting purposes, the gain is deferred and amortized as a reduction of operating lease expense over the term of the lease.
- (4) Expenses related to customer bankruptcy primarily relates to costs and expenses related to the Hanjin bankruptcy in 2016. As of September 1, 2016, after Hanjin declared bankruptcy, no revenue was recognized on the Hanjin charters.
- (5) The termination fee relates to a non-cash payment in connection with the termination of the financial services agreement with SFSL, an entity controlled by former Director Graham Porter.
- (6) As of June 30, 2017, 11 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.
- (7) 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.
- (8) 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 \$2.2 million and \$9.0 million for the three and six months ended June 30, 2016, respectively. These write-offs are included in depreciation and amortization expense. The costs of the vessel upgrades are recoverable from the charterer.
- (9) Seaspan's shares of common stock issuable upon conversion of its convertible Series F preferred shares are not included in the computation of diluted earnings per share because their effect is anti-dilutive for the period.
- (10) The decrease in normalized earnings per share for the three and six months ended June 30, 2017 is detailed below:

Normalized earnings per share, diluted- June 30, 2016	\$ 0.30	\$ 0.64
Excluding share count changes:		
Decrease in normalized earnings ^(a)	(0.06)	(0.22)
Decrease from impact of preferred shares	(0.05)	(0.07)
Share count changes:		
Increase in diluted share count (from 101,616,248 shares to 113,979,981 shares and from 99,830,626 shares to 110,406,048 shares for the three and six months ended, respectively)	<u>(0.02)</u>	<u>(0.03)</u>
Normalized earnings per share, diluted- June 30, 2017	<u>\$ 0.17</u>	<u>\$ 0.32</u>

(a) The decrease in normalized earnings for the three months ended June 30, 2017, compared to the same period in 2016, is primarily due to a decrease in revenue of \$19.7 million and an increase in operating lease expense of \$7.5 million. The decreases in normalized earnings were partially offset by decreases in interest at the hedged rate of \$8.1 million, depreciation and amortization expense of \$4.7 million and ship operating expense of \$4.4 million.

The decrease in normalized earnings for the six months ended June 30, 2017, compared to the same period in 2016, is primarily due to a decrease in revenue of \$33.9 million and an increase in operating lease expense of \$19.1 million. The decreases in normalized earnings were partially offset by decreases in interest at the hedged rate of \$16.7 million, depreciation and amortization expense of \$13.6 million and ship operating expense of \$6.4 million. Please read "Results for the Three and Six Months Ended June 30, 2017" for further 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 or financial results; industry fundamentals, including

estimated supply and demand for containerships; ship operating expense; vessel dry-docking schedules; Seaspan's access to capital and financial strength and flexibility; and Seaspan's ability to capitalize on future opportunities. 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, including to refinance existing debt and to pursue growth opportunities; the number of off-hire days; dry-docking requirements; general market conditions and shipping market trends, including chartering rates, scrapping rates and newbuild orders; increased operating expenses; Seaspan's future cash flows and its ability to make 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 newbuilding delivery delays; the potential for early termination of long-term contracts; changes in accounting rules or treatment; working capital needs; conditions in the public capital markets and the price of Seaspan's shares; Seaspan's ability to maintain its reputation as a leading containership owner and operator; 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, 2016. 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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