SEASPAN REPORTS FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2017

Commences 2018 with $250 million Investment by Fairfax and Acquisition of Two Vessels Chartered to Maersk

HONG KONG, China, Feb. 27, 2018 /CNW/ - Seaspan Corporation ("Seaspan") (NYSE: SSW) announced today its financial results for the quarter and year ended December 31, 2017.

Key Financial Metrics

- Total revenues of $214.4 million for the fourth quarter and $831.3 million for the full year.
- Reported net earnings of $58.6 million for the fourth quarter and $175.2 million for the full year.
- Earnings per diluted share of $0.34 for the fourth quarter and $0.94 for the full year.
- Normalized earnings per diluted share[1] of $0.16 for the fourth quarter and $0.66 for the full year.
- Cash available for distribution to common shareholders[1] of $65.5 million for the fourth quarter and $286.0 million for the full year.
- Adjusted EBITDA[1] of $126.7 million for the fourth quarter and $525.1 million for the full year.

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[1] Refer to "Description of Non-GAAP Financial Measures" 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").

Fourth Quarter 2017 and 2018 Year-to-Date Highlights

- Accepted delivery of one 11000 TEU vessel on long-term bareboat charter with MSC Mediterranean Shipping Company S.A. ("MSC") in December 2017. The final of five 11000 TEU vessels chartered to MSC was delivered inJanuary 2018.
- Achieved vessel utilization of 96.0% and 95.7% for the quarter and year ended December 31, 2017, respectively. Excluding four 4250 TEU vessels that were sold, vessel utilization was 96.7% for the year.
- Raised $250.0 million of capital from affiliates of Fairfax Financial Holdings Limited ("Fairfax"), which Seaspan intends to use for future growth initiatives, debt repayment, and general corporate purposes.
- Currently 23 unencumbered vessels in Seaspan's operating fleet, including 2 x 2500 TEUs, 2 x 3500 TEUs, 15 x 4250 TEUs, 2 x 4500 TEUs, and 2 x 9600 TEUs.

David Sokol, Chairman of Seaspan, commented, "2017 was an important and pivotal year for Seaspan. We continued to achieve strong operating results, maintain a sizable contracted revenue backlog, and grow our operating fleet on long-term time charters by taking delivery of five newbuildings with charters of 10 to 17 years. With a focus on driving shareholder value, we also took important steps to strengthen our corporate governance, deleverage our balance sheet, and increase our unencumbered asset base. We are pleased to have commenced 2018 with a $250 million investment by Prem Watsa-led Fairfax and the acquisition of two second-hand feeder vessels chartered to Maersk. Our transaction with Fairfax, as well as our success expanding our relationship with the world's largest liner company, underscores Seaspan's industry leadership and sharpened strategic focus."

Bing Chen, President and Chief Executive Officer of Seaspan, commented, "It is an honour to lead Seaspan into the next phase of our voyage. My goal during this important phase is to leverage our integrated platform to create substantial franchise value. Seaspan's operating platform, global fleet, customer focused team, deep customer relationships, and financial strength are among the best in the industry. These pillars have served, and we believe they will continue to serve, as Seaspan's foundation for long-term growth. Against a backdrop of improving fundamentals and a changing competitive environment, we see a rich set of opportunities before us. I am confident we are well positioned to capitalize on these opportunities and to create substantial long-term shareholder value. By prioritizing our customers, operational excellence, accretive growth and financial strength, we intend to increase our industry leading position."

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

	Quarter Ended December 31,		Year Ended December 31,	
	2017	**2016**	**2017**	**2016**
Revenue	$ 214,381	$ 213,193	$ 831,324	$ 877,905

Reported net earnings (loss)	$ 58,553	$ 1,442	$ 175,237	$ (139,039)
Normalized net earnings[1]	$ 35,981	$ 38,751	$ 141,492	$ 172,294
Earnings (loss) per share, basic and diluted	$ 0.34	$ (0.14)	$ 0.94	$ (1.89)
Normalized earnings per share, diluted[1]	$ 0.16	$ 0.21	$ 0.66	$ 1.13
Cash available for distribution to common shareholders[1]	$ 65,506	$ 70,952	$ 285,967	$ 373,102
Adjusted EBITDA[1]	$ 126,746	$ 131,936	$ 525,074	$ 621,095

(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.

Fourth Quarter Developments

Debt Financings

In October 2017, Seaspan issued $80.0 million of 7.125% senior unsecured notes due 2027 in a public offering. Seaspan used the net proceeds to repay a portion of a secured debt facility.

In December 2017, Seaspan entered into a secured term loan credit facility. This facility will be used to finance two 10000 TEU newbuilding containerships on three-year fixed-rate time charters and that are scheduled to deliver in the first half of 2018.

Vessel Sales

In October and December 2017, Seaspan closed the sales of two 4250 TEU vessels (the Seaspan Mourne and Seaspan Grouse) and recorded a gain on sale of $7.0 million.

Vessel Delivery

In December 2017, Seaspan accepted delivery of the MSC Madhu B, an 11000 TEU vessel. The vessel was constructed at HHIC-PHIL Inc. and commenced a 17-year fixed-rate bareboat charter with MSC. Upon completion of the bareboat charter period, MSC is obligated to purchase the vessel for a pre-determined amount. This delivery was financed with a previously committed lease facility.

Equity Financings

In November 2017, Seaspan entered into a new 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 $100.0 million. During the quarter ended December 31, 2017, Seaspan issued a total of 6,750,000 Class A common shares under the ATM offerings for gross proceeds of approximately $40.4 million.

In November and December 2017, Seaspan issued a total of 121,077 of its Series D, E, G, and H preferred shares in ATM offerings, under an existing equity distribution agreement, for gross proceeds of approximately $3.0 million.

Subsequent Events

Vessel Delivery

In January 2018, Seaspan accepted delivery of the MSC Yashi B, an 11000 TEU vessel, which commenced a 17-year fixed-rate bareboat charter with MSC. Seaspan made the final installment payment of $46.8 million in December 2017 and received the proceeds from the capital lease financing in January 2018.

Dividends

In January 2018, Seaspan declared quarterly dividends on its common and preferred shares, for total distributions of$33.1 million.

Fairfax Investment

In January 2018, Fairfax entered into a definitive agreement to invest$250.0 million in Seaspan in exchange for unsecured debentures bearing 5.5% interest and Class A common share purchase warrants. The investment and related transactions closed on February 14, 2018 and Seaspan intends to use the proceeds from the investment to fund future growth initiatives, debt repayment, and general corporate purposes.

Vessel Purchases and Maersk Time Charters

In February 2018, Seaspan purchased two second-hand 2500 TEU vessels and entered into fixed-rate time charter agreements for the vessels with Maersk Line A/S ("Maersk"). Each of the time charters is for a term of four years with options for up to an additional two years at increasing charter rates.

Results for the Quarter and Year Ended December 31, 2017

At the beginning of 2017, Seaspan had 87 vessels in operation. Seaspan acquired one 4250 TEU vessel, accepted delivery of one 14000 TEU vessel and four 11000 TEU vessels, and sold four 4250 TEU vessels, bringing its operating fleet to a total of 89 vessels as at December 31, 2017. Revenue is determined primarily by the number of operating days, and ship operating expense is determined primarily by the number of ownership days.

	Quarter Ended December 31,		**Increase**		**Year Ended December 31,**		**Increase**	
	2017	**2016**	**Days**	**%**	**2017**	**2016**	**Days**	**%**
Operating days(1)	7,586	7,293	293	4.0%	30,630	29,384	1,246	4.2%
Ownership days(1)	7,905	7,812	93	1.2%	32,007	30,593	1,414	4.6%

The following table summarizes Seaspan's vessel utilization by quarter and for the years ended December 31, 2017 and 2016:

	First Quarter		**Second Quarter**		**Third Quarter**		**Fourth Quarter**		**Year Ended December 31,**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Vessel Utilization:										
Ownership Days(1)	7,917	7,375	8,037	7,612	8,148	7,794	7,905	7,812	32,007	30,593
Less Off-hire Days:										
Scheduled 5-Year Survey	—	(75)	—	(19)	—	(25)	—	—	—	(119)
Unscheduled Off-hire(2)	(662)	(128)	(142)	(125)	(254)	(318)	(319)	(519)	(1,377)	(1,090)
Operating Days(1)	**7,255**	**7,172**	**7,895**	**7,468**	**7,894**	**7,451**	**7,586**	**7,293**	**30,630**	**29,384**
Vessel Utilization	**91.6%**	**97.2%**	**98.2%**	**98.1%**	**96.9%**	**95.6%**	**96.0%**	**93.4%**	**95.7%**	**96.0%**

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

The following table summarizes Seaspan's consolidated financial results for the quarters and years ended December 31, 2017 and 2016:

Financial Summary (in millions of US dollars)	**Quarter Ended December 31,**		**Year Ended December 31,**	
	2017	**2016**	**2017**	**2016**
Revenue	$ 214.4	$ 213.2	$ 831.3	$ 877.9
Ship operating expense	48.1	46.9	183.9	192.3
Depreciation and amortization expense	50.4	50.0	199.9	216.1
General and administrative expense	11.1	7.2	40.1	32.1
Operating lease expense	30.6	26.6	115.5	85.9
Interest expense and amortization of deferred financing fees	31.3	29.7	116.4	119.9
(Gain) loss on disposals	(7.0)	15.4	(13.6)	31.9
Change in fair value of financial instruments	(6.8)	(46.0)	12.6	29.1

Revenue

Revenue increased by 0.6% to $214.4 million for the quarter ended December 31, 2017, compared to the same period in 2016, primarily due to the delivery of newbuilding vessels in 2017 and interest income from leasing four bareboat charter vessels to MSC. These increases were partially offset by lower average charter rates for vessels that were on short-term charters.

Revenue decreased by 5.3% to $831.3 million for the year ended December 31, 2017, compared to the same period in 2016, primarily due to lower average charter rates for vessels that were on short-term charters and off-charter days that related primarily to three 10000 TEU vessels that were previously on long-term charters and commenced short-term charters with Hapag-Lloyd AG during the first half of 2017. These decreases were partially offset by the delivery of newbuilding vessels in 2016 and 2017.

The increases in operating days and the related financial impact thereof for the quarter and year ended December 31, 2017, relative to the same periods in 2016, are attributable to the following:

	Quarter Ended December 31, 2017		Year Ended December 31, 2017	
	Operating Days Impact	**$ Impact (in millions of US dollars)**	**Operating Days Impact**	**$ Impact (in millions of US dollars)**
2017 vessel deliveries	92	$ 4.2	452	$ 10.3
Full period contribution for 2016 vessel deliveries	76	0.6	1,621	32.3
Change in daily charter hire rate andre-charters	—	(8.0)	—	(73.0)
Fewer days due to leap year	—	—	(81)	(2.4)
Unscheduled off-hire	200	(1.6)	(286)	(14.5)
Scheduled off-hire	—	—	119	5.3
Supervision fee revenue	—	0.7	—	(6.4)
Vessel disposals	(75)	—	(579)	(2.8)
Interest income from leasing	—	5.4	—	5.0
Other	—	(0.1)	—	(0.4)
Total	**293**	**$ 1.2**	**1,246**	**$ (46.6)**

Vessel utilization increased for the quarter ended December 31, 2017, compared to the same period in 2016, primarily due to fewer off-charter and unscheduled off-hire days. Vessel utilization decreased for the year ended December 31, 2017, compared to the same period in 2016, primarily due to an increase in off-charter days, partially offset by the delivery of newbuilding vessels in 2016 and 2017 and fewer scheduled dry-dock days.

During the year ended December 31, 2017, Seaspan completed dry-dockings for six 4250 TEU vessels, which were completed between their time charters.

Ship Operating Expense

Ship operating expense increased by 2.6% to $48.1 million for the quarter ended December 31, 2017, compared to the same period in 2016, primarily due to planned higher spending on spares and repairs based on planned maintenance schedules for certain vessels.

Ship operating expense decreased by 4.4% to $183.9 million for the year ended December 31, 2017, compared to the same period in 2016, primarily due to cost savings initiatives achieved even though ownership days increased by 4.6% during 2017. As a result, ship operating expense per ownership day declined by 8.6% for the year ended December 31, 2017, compared to the same period in 2016.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 0.6% to $50.4 million for the quarter ended December 31, 2017, compared to the same period in 2016, primarily due to higher replacement part write-offs during 2017 partially offset by lower depreciation on 16 vessels which were impaired as of December 31, 2016.

Depreciation and amortization expense decreased by 7.5% to $199.9 million for the year ended December 31, 2017 compared to the same period in 2016, primarily due to lower depreciation from the impaired vessels as discussed above and lower replacement part write-offs during 2017.

General and Administrative Expense

General and administrative expense increased by 54.6% to $11.1 million and by 24.8% to $40.1 million for the quarter and year ended December 31, 2017, respectively, compared to the same periods in 2016. The increase in the fourth quarter of 2017 is due primarily to an increase in share-based compensation expense of $3.6 million related to the accelerated vesting of restricted shares and the cancellation of performance share units ("PSUs") held by Seaspan's former CEO, Gerry Wang, in connection with his retirement. In exchange for the cancelled PSUs, Seaspan issued 200,000 Class A common shares to Mr. Wang. For the year ended December 31, 2017, the increase was also due to the issuance of 1,000,000 fully vested Class A common shares to the chairman of the board.

Operating Lease Expense

Operating lease expense increased by 15.0% to $30.6 million and 34.5% to $115.5 million for the quarter and year ended

December 31, 2017, respectively, compared to the same periods in 2016. The increase for the quarter ended December 31, 2017 is due primarily to the delivery of one vessel in 2017 that was financed through a sale-leaseback transaction. For the year ended December 31, 2017, the increase was also due to the delivery of three vessels in 2016 that were financed through sale-leaseback transactions, and two operating leases Seaspan entered into in 2016.

Interest Expense and Amortization of Deferred Financing Fees

The following table summarizes Seaspan's borrowings:

(in millions of US dollars)	**As at December 31,**	
	2017	**2016**
Long-term debt, excluding deferred financing fees	$ 2,468.1	$ 2,903.4
Long-term obligations under capital lease, excluding deferred financing fees	648.8	498.8
Total borrowings	3,116.9	3,402.2
Less: Vessels under construction	(146.4)	(306.2)
Operating borrowings	$ 2,970.5	$ 3,096.0

Interest expense and amortization of deferred financing fees increased by $1.6 million to $31.3 million for the quarter ended December 31, 2017, compared to the same period in 2016, primarily due to an increase in LIBOR and financing related to the delivery of newbuilding vessels in 2017.

Interest expense and amortization of deferred financing fees decreased by $3.5 million to $116.4 million for the year ended December 31, 2017, compared to the same period in 2016, primarily due to repayments made on existing operating borrowings in 2016 and 2017, partially offset by an increase in LIBOR and financing related to the delivery of newbuilding vessels in 2017.

Change in Fair Value of Financial Instruments

The change in fair value of financial instruments resulted in a gain of $6.8 million for the quarter ended December 31, 2017 and was primarily due to an increase in the forward LIBOR curve. The change in fair value of financial instruments resulted in a loss of $12.6 million for the year ended December 31, 2017 was 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 112 containerships representing a total capacity of approximately 900,000 TEUs, including four newbuilding containerships on order scheduled for delivery to Seaspan and third parties by the end of 2018. Seaspan's current operating fleet of 92 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
SSWA	7.125% senior unsecured notes due 2027

Conference Call and Webcast

Seaspan will host a conference call and webcast presentation for investors and analysts to discuss its results for the quarter and year ended December 31, 2017 on February 28, 2018 at 5:00 a.m. PT / 8:00 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 9681747. The recording will be available from February 28, 2018 at 8:00 a.m. PT / 11:00 p.m. ET through 8:59 a.m. PT / 11:59 a.m. ET on March 14, 2018. 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 DECEMBER 31, 2017
(IN THOUSANDS OF US DOLLARS)

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 253,176	$ 367,901
Short-term investments	104	411
Accounts receivable	11,678	30,793
Loans to affiliate	36,100	62,414
Prepaid expenses and other	44,869	37,252
Gross investment in lease	35,478	—
Fair value of financial instruments	—	11,338
	381,405	510,109
Vessels	4,390,854	4,577,667
Vessels under construction	146,362	306,182
Deferred charges	62,020	68,099
Gross investment in lease	687,896	—
Goodwill	75,321	75,321
Other assets	134,284	120,451
	$ 5,878,142	$ 5,657,829
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 63,220	$ 62,157
Current portion of deferred revenue	55,367	28,179
Current portion of long-term debt	257,800	314,817
Current portion of long-term obligations under capital lease	43,912	27,824
Current portion of other long-term liabilities	23,635	21,115
Fair value of financial instruments	—	30,752
	443,934	484,844
Deferred revenue	328,681	1,528
Long-term debt	2,192,833	2,569,697
Long-term obligations under capital lease	595,016	459,395
Other long-term liabilities	199,386	195,104
Fair value of financial instruments	168,860	200,012
	3,928,710	3,910,580
Shareholders' equity:		
Share capital	1,646	1,385
Treasury shares	(377)	(367)
Additional paid in capital	2,752,988	2,580,274
Deficit	(781,137)	(807,496)
Accumulated other comprehensive loss	(23,688)	(26,547)
	1,949,432	1,747,249
	$ 5,878,142	$ 5,657,829

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2017 AND 2016
(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Quarter Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Revenue	$ 214,381	$ 213,193	$ 831,324	$ 877,905
Operating expenses:				
Ship operating	48,108	46,897	183,916	192,327
Cost of services, supervision fees	650	(410)	1,300	7,390
Depreciation and amortization	50,359	50,045	199,938	216,098
General and administrative	11,082	7,167	40,091	32,118
Operating leases	30,554	26,580	115,544	85,910

Expenses related to customer bankruptcy	—	849	1,013	19,732
(Gain) loss on disposals	(6,998)	15,389	(13,604)	31,876
Vessel impairments	—	82,420	—	285,195
	133,755	228,937	528,198	870,646
Operating earnings (loss)	80,626	(15,744)	303,126	7,259
Other expenses (income):				
Interest expense and amortization of deferred financing fees	31,328	29,692	116,389	119,882
Interest income	(1,113)	(1,379)	(4,558)	(8,455)
Undrawn credit facility fees	324	710	2,173	2,673
Refinancing expenses	—	—	—	1,962
Change in fair value of financial instruments	(6,840)	(45,963)	12,631	29,118
Equity income on investment	(1,796)	(782)	(5,835)	(188)
Other expenses	170	536	7,089	1,306
	22,073	(17,186)	127,889	146,298
Net earnings (loss)	**$ 58,553**	**$ 1,442**	**$ 175,237**	**$ (139,039)**
Deficit, beginning of period	(807,970)	(753,785)	(807,496)	(460,425)
Dividends - common shares	(15,478)	(39,628)	(83,615)	(152,915)
Dividends - preferred shares	(16,103)	(15,106)	(64,416)	(53,630)
Other	(139)	(419)	(847)	(1,487)
Deficit, end of period	$ (781,137)	$ (807,496)	$ (781,137)	$ (807,496)
Weighted average number of shares, basic	127,385	106,164	117,524	102,869
Weighted average number of shares, diluted	127,512	106,164	117,605	102,869
Earnings (loss) per share, basic and diluted	$ 0.34	$ (0.14)	$ 0.94	$ (1.89)

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2017 AND 2016
(IN THOUSANDS OF US DOLLARS)

	Quarter Ended December 31,		Year Ended December 31,	
	2017	**2016**	**2017**	**2016**
Net earnings (loss)	**$ 58,553**	**$ 1,442**	**$ 175,237**	**$ (139,039)**
Other comprehensive income:				
Amounts reclassified to net earnings (loss) during the period relating to cash flow hedging instruments	380	851	2,859	4,373
Comprehensive income (loss)	**$ 58,933**	**$ 2,293**	**$ 178,096**	**$ (134,666)**

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2017 AND 2016
(IN THOUSANDS OF US DOLLARS)

	Quarter Ended December 31,		Year Ended December 31,	
	2017	**2016**	**2017**	**2016**
Cash from (used in):				
Operating activities:				
Net earnings (loss)	$ 58,553	$ 1,442	$ 175,237	$ (139,039)
Items not involving cash:				
Depreciation and amortization	50,359	50,045	199,938	216,098
Share-based compensation	5,149	1,974	17,526	6,378
Amortization of deferred financing fees	3,081	4,430	11,899	14,181

Amounts reclassified from accumulated other comprehensive loss to interest expense	103	646	1,927	3,407
Unrealized change in fair value of financial instruments	(19,392)	(63,427)	(44,060)	(53,998)
Equity income on investment	(1,796)	(782)	(5,835)	(188)
Refinancing expenses	—	—	—	1,677
Operating leases	(5,911)	(5,215)	(22,589)	(19,003)
Vessel impairments	—	82,420	—	285,195
Expenses related to customer bankruptcy	—	—	—	18,883
(Gain) loss on disposals	(6,998)	15,389	(13,604)	31,876
Other	116	(17)	6,690	34
Changes in assets and liabilities	5,687	(8,320)	(3,910)	(54,414)
Cash from operating activities	88,951	78,585	323,219	311,087
Financing activities:				
Common shares issued, net of issuance costs	39,598	—	118,966	95,978
Preferred shares issued, net of issuance costs	2,690	(98)	2,690	541,694
Draws on credit facilities	—	—	—	220,485
Repayment of credit facilities	(185,553)	(201,031)	(455,005)	(704,291)
Senior unsecured notes proceeds	80,000	—	80,000	—
Draws on long-term obligations under capital lease	39,923	—	176,254	180,750
Repayment of long-term obligations under capital lease	(6,706)	(6,325)	(26,198)	(24,733)
Common shares repurchased, including related expenses	—	—	—	(8,269)
Preferred shares redeemed, including related expenses	—	—	—	(333,074)
Senior unsecured notes repurchased, including related expenses	(3,953)	—	(7,075)	—
Financing fees	(5,054)	(424)	(8,226)	(12,992)
Dividends on common shares	(8,419)	(39,209)	(61,830)	(148,556)
Dividends on preferred shares	(16,103)	(15,561)	(64,416)	(54,085)
Net proceeds from sale-leaseback of vessels	—	—	90,753	354,000
Cash from (used in) financing activities	(63,577)	(262,648)	(154,087)	106,907
Investing activities:				
Expenditures for vessels	(102,793)	(21,261)	(338,518)	(343,552)
Short-term investments	—	1,930	307	3,004
Net proceeds from vessel disposals	18,753	6,235	37,091	12,078
Proceeds from sale of leased vessels	—	20,000	—	20,000
Restricted cash	5,403	—	(1)	(201)
Loans to affiliate	(546)	(898)	(2,677)	(18,096)
Repayment of loans to affiliate	546	13,525	22,325	67,831
Other assets	(2,488)	(6,043)	(2,384)	(6,677)
Cash from (used in) investing activities	(81,125)	13,488	(283,857)	(265,613)
Increase (decrease) in cash and cash equivalents	(55,751)	(170,575)	(114,725)	152,381
Cash and cash equivalents, beginning of period	308,927	538,476	367,901	215,520
Cash and cash equivalents, end of period	$ 253,176	$ 367,901	$ 253,176	$ 367,901

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 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 (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, gain or loss on disposals, expenses related to customer bankruptcy, adjustments to equity income on investment, termination fee, vessel impairments, 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.

	Quarter Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Net earnings (loss)	$ 58,553	$ 1,442	$ 175,237	$ (139,039)
Adjust:				
Depreciation and amortization	50,359	50,045	199,938	216,098
Interest expense and amortization of deferred financing fees	31,328	29,692	116,389	119,882
Refinancing expenses	—	—	—	1,677
Share-based compensation	5,149	1,974	17,526	6,378
Change in fair value of financial instruments(1)	(6,966)	(46,120)	12,718	28,674
Bareboat charter adjustment, net(2)	1,665	1,774	1,879	16,353
Gain on sales(3)	—	—	31,291	52,235
(Gain) loss on disposals(4)	(6,998)	15,389	(13,604)	31,876
Expenses related to customer bankruptcy(5)	—	849	1,013	19,732
Adjustments to equity income on investment(6)	—	—	—	5,880
Termination fee(7)	—	—	6,250	—
Vessel impairments(8)	—	82,420	—	285,195
Amortization of deferred gain(9)	(5,555)	(4,860)	(21,178)	(18,064)
Dry-dock reserve adjustment	(5,461)	(5,601)	(21,934)	(22,963)
Cash dividends paid on preferred shares:				
Series C	—	—	—	(19,665)
Series D	(2,475)	(2,475)	(9,900)	(9,900)
Series E	(2,769)	(2,769)	(11,077)	(11,077)
Series F	(2,432)	(2,432)	(9,730)	(4,405)
Series G	(3,997)	(3,997)	(15,990)	(5,150)
Series H	(4,430)	(3,888)	(17,719)	(3,888)
Net cash flows before interest payments	105,971	111,443	441,109	549,829
Less:				
Interest expense at the hedged rate(10)	(40,465)	(40,491)	(155,142)	(176,727)
Cash available for distribution to common shareholders	**$ 65,506**	**$ 70,952**	**$ 285,967**	**$ 373,102**

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 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 (loss) adjusted for interest expense (excluding amortization of deferred financing fees), refinancing expenses, gain or loss on disposals, expenses related to customer bankruptcy, change in fair value of financial instruments, termination fee, adjustments to equity income on investment, vessel impairments, interest expense at the hedged rate, share-based compensation to chairman of the board, write-off of vessel equipment, share-based compensation related to CEO retirement, 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 (loss), earnings (loss) 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.

	Quarter Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Net earnings (loss)	$ 58,553	$ 1,442	$ 175,237	$ (139,039)
Adjust:				
Interest expense, excluding amortization of deferred financing fees	28,247	25,262	104,490	105,701
Refinancing expenses	—	—	—	1,962
(Gain) loss on disposals	(6,998)	15,389	(13,604)	31,876
Expenses related to customer bankruptcy(5)	—	849	1,013	19,732
Change in fair value of financial instruments(1)	(6,966)	(46,120)	12,718	28,674

Termination fee[7]	—	—	6,250	—
Adjustments to equity income on investment[6]	—	—	—	5,880
Vessel impairments[8]	—	82,420	—	285,195
Interest expense at the hedged rate[10]	(40,465)	(40,491)	(155,142)	(176,727)
Share-based compensation to chairman of the board[11]	—	—	6,920	—
Write-off of vessel equipment[12]	—	—	—	9,040
Share-based compensation related to CEO retirement[13]	3,610	—	3,610	—
Normalized net earnings	**$ 35,981**	**$ 38,751**	**$ 141,492**	**$ 172,294**
Less: preferred share dividends				
Series C (including amortization of issuance costs)	—	—	—	14,420
Series D	2,500	2,475	9,925	9,900
Series E	2,792	2,770	11,100	11,077
Series F	2,432	2,433	9,730	6,055
Series G	3,997	3,997	15,990	7,404
Series H	4,442	4,429	17,731	6,841
	16,163	**16,104**	**64,476**	**55,697**
Normalized net earnings attributable to common shareholders	**$ 19,818**	**$ 22,647**	**$ 77,016**	**$ 116,597**
Weighted average number of shares used to compute earnings per share				
Reported, basic	**127,385**	**106,164**	**117,524**	**102,869**
Share-based compensation	127	60	81	70
Reported and normalized, diluted[14]	**127,512**	**106,224**	**117,605**	**102,939**
Earnings (loss) per share:				
Reported, basic and diluted	**$ 0.34**	**$ (0.14)**	**$ 0.94**	**$ (1.89)**
Normalized, diluted[15]	**$ 0.16**	**$ 0.21**	**$ 0.66**	**$ 1.13**

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2017 AND 2016
(IN THOUSANDS OF US DOLLARS)

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, gain or loss on disposals, expenses related to customer bankruptcy, adjustments to equity income on investment, vessel impairments, 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 (loss). Adjusted EBITDA is not defined by GAAP and should not be considered as an alternative to net earnings (loss) or any other indicator of Seaspan's performance required to be reported by GAAP.

	Quarter Ended December 31,		Year Ended December 31,	
	2017	**2016**	**2017**	**2016**
Net earnings (loss)	$ 58,553	$ 1,442	$ 175,237	$ (139,039)
Adjust:				
Interest expense and amortization of deferred financing fees	31,328	29,692	116,389	119,882
Interest income	(1,113)	(1,379)	(4,558)	(8,455)
Undrawn credit facility fees	324	710	2,173	2,673
Depreciation and amortization	50,359	50,045	199,938	216,098
Refinancing expenses	—	—	—	1,677
Share-based compensation	5,149	1,974	17,526	6,378
Gain on sales[3]	—	—	31,291	52,235

(Gain) loss on disposals[4]	(6,998)	15,389	(13,604)	31,876
Expenses related to customer bankruptcy[5]	—	849	1,013	19,732
Adjustments to equity income on investment[6]	—	—	—	5,880
Vessel impairments[8]	—	82,420	—	285,195
Termination fee[7]	—	—	6,250	—
Amortization of deferred gain[9]	(5,555)	(4,860)	(21,178)	(18,064)
Bareboat charter adjustment, net[2]	1,665	1,774	1,879	16,353
Change in fair value of financial instruments[1]	(6,966)	(46,120)	12,718	28,674
Adjusted EBITDA	**$ 126,746**	**$ 131,936**	**$ 525,074**	**$ 621,095**

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) Certain of Seaspan's vessels are on bareboat charters, which are accounted for as direct financing-type leases. Under these arrangements, the vessels were disposed of and a gross investment in lease was recorded, which is amortized to income through revenue. The bareboat charter adjustment in the applicable non-GAAP measure 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 hire is added back and the interest income from leasing, which is recorded in revenue, is deducted, resulting in a net bareboat charter adjustment. The 2016 adjustment relates to four 4800 TEU vessels on five-year bareboat charters to MSC which commenced in 2011 and which were sold to MSC in the fourth quarter of 2016 pursuant to agreements entered into in 2011. The 2017 adjustment relates to four 11000 TEU vessels which commenced 17-year bareboat charters with MSC during the third and fourth quarters of 2017. Upon completion of the bareboat charter period, MSC is obligated to purchase the vessels for pre-determined amounts.

(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 year ended December 31, 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) The gain on disposals relates to the sale of two 4250 TEU vessels and four 4250 TEU vessels during the quarter and year ended December 31, 2017, respectively. The loss on disposals relates to the sale of two 4600 TEU vessels during the quarter and year ended December 31, 2016.

(5) Expenses related to customer bankruptcy primarily relates to costs and expenses related to the Hanjin Shipping Co., Ltd. ("Hanjin") bankruptcy in 2016. As of September 1, 2016, after Hanjin declared bankruptcy, no revenue was recognized on the Hanjin charters.

(6) Adjustments to equity income on investment excludes Seaspan's proportionate interest in the impact of the sale by Greater China Intermodal Investments LLC ("GCI") of two 4600 TEU vessels in 2016 and GCI's reserves for past due accounts receivables related to GCI's four 10000 TEU vessels previously chartered to Hanjin.

(7) The termination fee relates to a non-cash payment in connection with the termination during the quarter endedJune 30, 2017 of the financial services agreement with Seaspan Financial Services Ltd., an entity controlled by former DirectorGraham Porter.

(8) During the quarter and year ended December 31, 2016, Seaspan recognized non-cash vessel impairments of $82.4 million and $285.2 million, respectively, related to 16 vessels less than 5000 TEU in size which were held for use.

(9) As of December 31, 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 terms of the leases.

(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) Includes the issuance of 1,000,000 fully-vested shares of Class A common shares to the chairman of the board and his investment in additional Class A common shares. The chairman will not receive any further cash or share-based compensation for his services through to the end of 2020.

(12) 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 $9.0 million for the year ended December 31, 2016. These write-offs are included in depreciation and amortization expense. The costs of the vessel upgrades are recoverable from the charterer.

[13] As a result of the retirement of Seaspan's former CEO Gerry Wang, the unvested restricted shares held by Mr. Wang vested on December 31, 2017 and his PSUs were cancelled. Seaspan issued 200,000 Class A common shares to him in exchange for the cancelled PSUs.

[14] 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.

[15] The decreases in normalized earnings per share for the quarter and year ended December 31, 2017 are detailed below:

	Quarter Ended December 31	Year Ended December 31
Normalized earnings per share, diluted - December 31, 2016	**$ 0.21**	**$ 1.13**
Excluding share count changes:		
Decrease in normalized earnings[a]	(0.02)	(0.30)
Decrease from impact of preferred shares	—	(0.08)
Share count changes:		
Increase in diluted share count (from 106,224,000 shares to 127,512,000 shares and from 102,939,000 shares to 117,605,000 shares for the quarter and year ended, respectively)	(0.03)	(0.09)
Normalized earnings per share, diluted - December 31, 2017	**$ 0.16**	**$ 0.66**

(a) The decrease in normalized earnings for the quarter ended December 31, 2017, compared to the same period in 2016, is primarily due to increases in operating lease expense of $4.0 million and in ship operating expense of $1.2 million. These increases were partially offset by an increase in revenue of $1.2 million.

The decrease in normalized earnings for the year ended December 31, 2017, compared to the same period in 2016, is primarily due to decreases in revenue of $46.6 million and interest income of $3.9 million and an increase in operating lease expense of $29.6 million. The decreases in normalized earnings were partially offset by decreases in interest at the hedged rate of $21.6 million, depreciation and amortization expense of $7.2 million, supervision fees of $6.1 million, and ship operating expense of $8.4 million. Please read "Results for the Quarter and Year Ended December 31, 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 and conditions; our competitive strengths and industry position and their effect on our future business and results; ship operating expense; vessel dry-docking schedules; vessel delivery closing dates; use of proceeds from financings and investments; 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; any impairment charges; 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; access to and the terms of any additional financing; 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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