SEASPAN REPORTS FINANCIAL RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010

HONG KONG, CHINA - Oct. 27, 2010 /CNW/ - Seaspan Corporation (NYSE:SSW) announced today the financial results for the three and nine months ended September 30, 2010. Below is a summary of our key financial results.

Summary of Key Financial Results (dollars in thousands):

	Three Months Ended September 30,		Change	
	2010	2009	$	%
Reported net loss	$ (70,879)	$ (65,962)	$ (4,917)	(7.5%)
Normalized net earnings(1)	$ 26,125	$ 20,232	$ 5,893	29.1%
Loss per share, basic	$ (1.15)	$ (1.03)	$ (0.12)	(11.7%)
Loss per share, diluted	$ (1.15)	$ (1.03)	$ (0.12)	(11.7%)
Normalized earnings per share, converted(1)(i) (Series A preferred shares converted at $15)	$ 0.30	$ 0.27	$ 0.03	11.1%
Cash available for distribution to common shareholders(2)	$ 51,743	$ 38,635	$ 13,108	33.9%

	Nine Months Ended September 30,		Change	
	2010	2009	$	%
Reported net earnings (loss)	$ (229,337)	$ 70,562	$ (299,899)	(425.0%)
Normalized net earnings(1)	$ 68,037	$ 57,467	$ 10,570	18.4%
Earnings (loss) per share, basic	$ (3.67)	$ 0.93	$ (4.60)	(494.6%)
Earnings (loss) per share, diluted	$ (3.67)	$ 0.90	$ (4.57)	(507.8%)
Normalized earnings per share, converted(1)(i) (preferred shares converted at $15)	$ 0.81	$ 0.78	$ 0.03	3.8%
Cash available for distribution to common shareholders(2)	$ 140,506	$ 112,437	$ 28,069	25.0%

(i) Normalized earnings per share, converted, reflects normalized earnings per share on a pro-forma basis on the assumption that the Series A preferred shares are converted at $15.00 per share. For a more detailed description of this calculation, please read "Reconciliation of Non-GAAP Financial Measures for the Three and Nine Months Ended September 30, 2010 - Description of Non-GAAP Financial Measures - B. Normalized Net Earnings and Normalized Earnings per Share".

Summary of Key Highlights:

-- Achieved vessel utilization of 98.7% and 98.3%, respectively, for the three and nine months ended September 30, 2010;

-- Accepted delivery of one newbuild vessel during the third quarter, the COSCO Indonesia, bringing our fleet to a total of 53 vessels at September 30, 2010;

-- Paid a second quarter dividend of $0.125 per share on August 20, 2010, reflecting a 25% increase over the dividend paid for the first quarter of 2010;

-- Declared a third quarter dividend of $0.125 per common share to be paid on November 12, 2010, increasing cumulative dividends declared since our IPO to $6.84 per common share; and

-- Subsequent to the quarter end, we also completed a corporate guarantee reduction and, subject to customary closing conditions, a $150 million sale-leaseback, which we believe, together, satisfy our remaining equity needs for the acquisition of the remaining vessels that we have contracted to acquire.

Gerry Wang, Chief Executive Officer of Seaspan, stated, "During the third quarter, Seaspan continued to grow earnings and cash flow, highlighting the Company's ongoing success in expanding its modern fleet and achieving strong utilization. Including the COSCO Indonesia, which we received in the third quarter, and the two newbuildings delivered in the current fourth quarter, Seaspan has taken delivery of a total of 13 vessels year-to-date. Going forward we expect the Company's annual cash available for distribution to grow approximately 65% over the next two years as we take delivery of 14 additional newbuildings over the next 18 months, all of which are secured on long-term charters with leading Asian-based liner companies."

Mr. Wang added, "During the quarter, Seaspan also maintained its focus on strengthening the Company's financial flexibility. Based on our most recent financing transactions, we believe we have fully secured funding for our built-in fleet growth in a manner that benefits the long-term interests of our shareholders. We are pleased to have successfully executed our plan, initiated in 2008, to finance our significant contracted fleet growth under favorable terms. Going forward, we remain committed to preserving Seaspan's strong capital structure and exploring growth opportunities that create enduring shareholder value."

Subsequent events:

Subsequent to the end of the third quarter, on October 15, 2010, we accepted delivery of an 8500 TEU vessel named the COSCO Thailand, and on October 25, 2010, we accepted delivery of a 4500 TEU vessel named the Brotonne Bridge bringing our fleet to 55 vessels.

On October 21, 2010, the Company entered into a twelve-year sale and leaseback financing for up to $150 million for one of its 13100 TEU container vessels ordered from Hyundai Heavy Industries Co., Ltd. Under the terms of the transaction, subject to certain closing conditions, the vessel will be sold by the Company upon delivery to an affiliate of Credit Agricole Corporate and Investment Bank and will charter the vessel to a newly formed, wholly owned subsidiary of Seaspan Corporation. The Company will charter the vessel from its subsidiary and continue to time charter the vessel to COSCO Container Lines Co., Ltd. in accordance with the terms of the original twelve-year time charter. The subsidiary's financial indebtedness under the charter is non-recourse to Seaspan Corporation.

On October 21, 2010, a subsidiary of Seaspan Corporation amended its $400 million UK Tax Lease Facility with an affiliate of Lloyds Banking Group. Under the original terms of the lease, all of the obligations of the Company's subsidiary under the lease were guaranteed by Seaspan Corporation. Under the terms of the amended lease facility, Seaspan Corporation's guarantee of scheduled rental and termination amounts, based on current tax and other assumptions, are limited to a significantly reduced fixed amount of the subsidiary's obligations. The lease facility will continue to provide the financing for five 4500 TEU vessels, each of which is to commence a twelve-year time charter with Kawasaki Kisen Kaisha Ltd. upon delivery.

Results for the Three and Nine Months Ended September 30, 2010:

The following tables summarize vessel utilization and the impact of off-hire time incurred on our revenues for the three and nine months ended September 30, 2010:

	First Quarter		Second Quarter		Third Quarter		Year to Date	
	2010	2009	2010	2009	2010	2009	2010	2009
Vessel Utilization:								
Ownership Days	3,908	3,150	4,390	3,445	4,871	3,632	13,169	10,227
Less Off-hire Days:								
Scheduled 5-Year Survey	(20)	-	(42)	-	(52)	(14)	(114)	(14)
Unscheduled Off-hire	(91)	(1)	(4)	(4)	(10)	(6)	(105)	(11)
Operating Days	3,797	3,149	4,344	3,441	4,809	3,612	12,950	10,202
Vessel Utilization	97.2%	99.9%	99.0%	99.9%	98.7%	99.4%	98.3%	99.8%

	First Quarter		Second Quarter		Third Quarter		Year to Date	
	2010	2009	2010	2009	2010	2009	2010	2009
	Revenue (in thousands)							
Revenue - Impact of Off-Hire:								
100% Utilization	$82,378	$63,147	$98,360	$69,904	$112,473	$74,581	$293,211	$207,632
Less Off-hire:								
Scheduled 5-Year Survey	(347)	-	(738)	-	(914)	(427)	(1,999)	(427)

Unscheduled Off-hire(3)	(1,662)	(20)	(77)	(73)	(208)	(97)	(1,947)	(190)
Actual Revenue Earned	$80,369	$63,127	$97,545	$69,831	$111,351	$74,057	$289,265	$207,015

We accepted delivery of seven vessels in the year ended December 31, 2009. We began 2010 with 42 vessels in operation and through September 30, 2010 accepted delivery of 11 vessels bringing our fleet to a total of 53 vessels in operation as at September 30, 2010. Operating days are the primary driver of revenue while ownership days are the primary driver for ship operating costs.

	Three Months Ended September 30,		Increase		Nine Months Ended September 30,		Increase	
	2010	2009	Days	%	2010	2009	Days	%
Operating days	4,809	3,612	1,197	33.1%	12,950	10,202	2,748	26.9%
Ownership days	4,871	3,632	1,239	34.1%	13,169	10,227	2,942	28.8%

Financial Summary (in millions)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2010	2009	$	%	2010	2009	$	%
Revenue	$ 111.4	$ 74.1	$ 37.3	50.4%	$289.3	$207.0	$ 82.3	39.7%
Ship operating expense	29.2	20.7	8.6	41.5%	78.3	57.7	20.5	35.6%
Depreciation	26.9	18.0	8.9	49.5%	71.3	51.0	20.3	39.9%
General and administrative expenses	2.6	2.0	0.6	29.8%	6.9	6.1	0.8	13.7%
Interest expense	8.3	5.1	3.2	62.5%	20.3	15.8	4.5	28.3%

Change in fair value of financial instruments	113.4	92.6	20.8	22.5%	336.5	0.1	336.5	442,725.0%
Other expenses	-	-	-	0.0%	-	1.1	(1.1)	(100%)

Revenue

The increase in operating days, and the dollar impact thereof, for the three and nine months ended was due to the following:

	Three Months Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Operating Days impact	$ impact (in millions)	Operating Days impact	$ impact (in millions)
2010 vessel deliveries	1,007	$ 32.1	1,703	$ 54.7
Full period contribution for 2009 vessel deliveries	232	5.8	1,239	30.9
Scheduled off-hire	(38)	(0.5)	(101)	(1.5)
Unscheduled off-hire	(4)	(0.1)	(93)	(1.8)
Total	1,197	$ 37.3	2,748	$ 82.3

Vessel utilization was 98.7% and 98.3%, respectively, for the three and nine months ended September 30, 2010 compared to 99.4% and 99.8%, for the comparable periods in the prior year.

This decrease in vessel utilization for the nine months ended September 30, 2010 was primarily due to the 90 days of unscheduled off-hire resulting from the grounding of the CSCL Hamburg in the Gulf of Aqaba on December 31, 2009. CSCL Hamburg's next dry-docking was originally scheduled for 2013, however we combined the repairs of the CSCL Hamburg with an earlier dry-docking which defers the next scheduled dry-docking to 2015. This dry-docking resulted in 12 days of scheduled off-hire and the CSCL Hamburg was back in service in April. We also completed the dry-dockings for the CSCL Vancouver, CSCL Sydney, CSCL New York, CSCL Melbourne, New Delhi Express, CSCL Brisbane and are in progress of completing the dry-docking for Dubai Express. This has resulted in a total of 114 days of scheduled off-hire. Our vessel utilization since our initial public offering is 99.1%.

Ship Operating Expense

The increase in ownership days, and the dollar impact thereof, for the three and nine months ended September 30, 2010 was due to the following:

	Three Months Ended September 30, 2010		Nine Months Ended September 30, 2010	
	Ownership Days impact	$ impact (in millions)	Ownership Days impact	$ impact (in millions)
2010 vessel deliveries	1,007	$ 6.2	1,703	$ 10.6
Full period contribution for 2009 vessel deliveries	232	1.3	1,239	7.0
Changes in extraordinary(4) costs & expenses not covered by the fixed fee	-	1.1	-	2.9
Total	1,239	$ 8.6	2,942	$ 20.5

Depreciation

The increase in depreciation expense was due to the additional ownership days from the 11 deliveries in 2010 and a full period for the seven deliveries in 2009.

General and Administrative Expenses

The increase in general and administrative expenses was primarily due to an increase in non-cash share based compensation resulting from higher share prices at the awards' grant dates and increased costs to support growth.

Interest Expense

Interest expense is composed of interest at the variable rate plus margin incurred on debt for operating vessels and a reclassification of amounts from accumulated other comprehensive income related to previously designated hedging relationships. The increase in interest expense for the three and nine months ended September 30, 2010, was primarily due to a higher average operating debt balance compared to the comparable periods in the prior year. The average LIBOR for the quarter ended September 30, 2010 was 0.3% which is consistent with the comparable period in the prior year. The average LIBOR for the nine months ended September 30, 2010 was 0.3%, compared to 0.5% for the comparable period in the prior year. Although we have entered into fixed interest rate swaps, the difference between the variable interest rate and the swapped fixed rate on operating debt is recorded in our change in fair value of financial instruments caption as required by financial reporting standards. The interest incurred on our long-term debt for our vessels under construction is capitalized to the respective vessels under construction.

Change in Fair Value of Financial Instruments

The change in fair value of financial instruments resulted in a loss of $113.4 million for the three months ended September 30, 2010 compared to a loss of $92.6 million for the comparable quarter last year. The change in fair value of financial instruments resulted in a loss of $336.5 million for the nine months ended September 30, 2010 compared to a loss of $0.1 million for the comparable period last year. The change in fair value loss for the three and nine months ended September 30, 2010 was primarily due to decreases in the forward LIBOR curve.

Cash Available for Distribution to Common Shareholders(2)

These increases in cash available for distribution for the three and nine months ended September 30, 2010 over the comparable periods in the prior year are primarily due to an increased fleet size of 53 vessels at September 30, 2010 compared to 41 vessels at September 30, 2009.

Dividend Declared:

For the quarter ended September 30, 2010, we declared a quarterly dividend of $0.125 per common share, representing a total distribution of $8.5 million. The dividend will be paid on November 12, 2010 to all shareholders of record as of November 2, 2010. Because we adopted a dividend reinvestment plan, or DRIP, the actual amount of cash dividends paid may be less than the $8.5 million based on shareholder participation in the DRIP.

Since our initial public offering in August 2005, we have declared cumulative dividends of $6.84 per common share. Cumulatively, since we adopted the DRIP in May 2008, an additional 1.8 million shares have been issued through the participation in the DRIP. As of today's date and based on a discount of 3%, participating shareholders have invested $18.4 million in the DRIP since the plan's adoption.

About Seaspan

Seaspan owns containerships and charters them pursuant to primarily long-term fixed-rate charters. Seaspan's contracted fleet of 69 containerships consists of 55 containerships in operation and 14 containerships to be delivered over approximately the next 18 months. Seaspan's operating fleet of 55 vessels has an average age of approximately four years and an average remaining charter period of approximately seven years. All of the 14 vessels to be delivered to Seaspan are already committed to primarily long-term time charters averaging approximately 12 years in duration from delivery. Seaspan's customer base consists of eight of the world's largest liner companies, including to A.P. Moller-Maersk A/S, China Shipping Container Lines (Asia) Co., Ltd., Compania Sud Americana de Vapores, COSCO Container Lines Co., Ltd., Hapag-Lloyd USA, LLC, Kawasaki Kisen Kaisha Ltd., Mitsui O.S.K. Lines, Ltd., and United Arab Shipping Company (S.A.G).

Seaspan's common shares are listed on the New York Stock Exchange under the symbol "SSW".

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, 2010 on Wednesday October 27, 2010 at 7:00 a.m. PT / 10:00 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 1-800-642-1687 or 1-706-645-9291 and enter the replay passcode: 17734764. The recording will be available from October 27, 2010 at 10:00 a.m. PT / 1:00 p.m. ET through to 8:59 p.m. PT / 11:59 p.m. ET on November 10, 2010. The conference call will also be broadcast live over the Internet and will include a slide presentation. To access the live webcast and slide presentation, go to www.seaspancorp.comand click on "News & Events" then "Events & Presentations" for the link. The webcast and slides will be archived on the site for one year.

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2010
(IN THOUSANDS OF US DOLLARS)

	September 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 146,709	$ 133,400
Accounts receivable	993	164
Prepaid expenses	10,873	12,489
	158,575	146,053
Vessels	2,996,083	2,088,689
Vessels under construction	1,086,798	1,396,661
Deferred charges	29,931	21,667
Other assets	18,177	11,377
	$ 4,289,564	$ 3,664,447

Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 23,579	$ 20,905
Deferred revenue	4,729	9,787
Current portion of other long-term liabilities	18,657	-
	46,965	30,692
Long-term debt (operating vessels)	1,787,639	936,794
Long-term debt (vessels under construction)	582,807	946,352
Other long-term liabilities	488,593	410,598
Fair value of financial instruments	532,907	280,445
	3,438,911	2,604,881
Share capital	689	679
Additional paid-in capital	1,523,623	1,489,936
Deficit	(602,055)	(349,802)
Accumulated other comprehensive loss	(71,604)	(81,247)
Total shareholders' equity	850,653	1,059,566
	$ 4,289,564	$ 3,664,447

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(IN THOUSANDS OF US DOLLARS, EXCEPT PER SHARE AMOUNTS)

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Revenue	$ 111,351	$ 74,057	$ 289,265	$ 207,015

Operating expenses:				
Ship operating	29,229	20,659	78,269	57,730
Depreciation	26,929	18,017	71,302	50,969
General and administrative	2,577	1,985	6,885	6,058
	58,735	40,661	156,456	114,757
Operating earnings	52,616	33,396	132,809	92,258
Other expenses (earnings):				
Interest expense	8,293	5,104	20,272	15,802
Interest income	(5)	(21)	(41)	(270)
Undrawn credit facility fees	1,011	1,156	3,072	3,512
Amortization of deferred charges	808	543	2,296	1,476
Change in fair value of financial instruments	113,388	92,576	336,547	76
Other expenses	-	-	-	1,100
	123,495	99,358	362,146	21,696
Net earnings (loss)	(70,879)	(65,962)	(229,337)	70,562
Deficit, beginning of period	(522,061)	(345,041)	(349,802)	(443,081)
Dividends on common shares	(8,522)	(6,733)	(22,105)	(45,217)
Dividends on series B preferred shares	(593)	-	(811)	-
Deficit, end of period	(602,055)	(417,736)	(602,055)	(417,736)
Weighted average number of shares, basic	68,270	67,436	68,099	67,238
Weighted average number of shares, diluted	68,270	67,436	68,099	78,511
Earnings (loss) per share, basic	$ (1.15)	$ (1.03)	$ (3.67)	$ 0.93
Earnings (loss) per share,				

diluted	$ (1.15)	$ (1.03)	$ (3.67)	$ 0.90

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(IN THOUSANDS OF US DOLLARS)

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Net earnings (loss)	$ (70,879)	$ (65,962)	$(229,337)	$ 70,562
Other comprehensive income:				
Amounts reclassified to earnings (loss) during the period	3,601	2,952	9,643	8,992
Comprehensive income (loss)	$ (62,278)	$ (63,010)	$(219,694)	$ 79,554

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(IN THOUSANDS OF US DOLLARS)

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Cash provided by (used in):				
Operating activities:				

Net earnings (loss)	$ (70,879)	$ (65,962)	$ (229,337)	$ 70,562
Items not involving cash:				
Depreciation	26,929	18,017	71,302	50,969
Share-based compensation	706	559	1,980	1,583
Amortization of deferred charges	808	543	2,296	1,476
Amounts reclassified from other comprehensive loss	3,520	2,925	9,444	8,930
Unrealized change in fair value of financial instruments	84,903	68,975	252,462	(62,668)
Change in assets and liabilities	(5,980)	(293)	(10,474)	(6,072)
Cash provided by operating activities	40,007	24,764	97,673	64,780
Financing activities:				
Preferred shares issued, net of share issue costs	(15)	(57)	25,880	98,785
Preferred shares subscribed	-	80,000	-	80,000
Draws on credit facilities	124,820	59,581	487,300	103,142
Other long-term liabilities	-	-	21,250	-
Financing fees	(237)	-	(3,314)	(3,372)
Dividends on common shares(ii)	(6,324)	(5,371)	(16,630)	(39,688)
Dividends on series B preferred shares	(328)	-	(449)	-
Cash provided by financing activities	117,916	134,153	514,037	238,867
Investing activities:				
Expenditures for vessels	(17,446)	(117,157)	(592,071)	(334,972)
Restricted cash	-	-	(5,000)	-
Intangible assets	(156)	(248)	(1,330)	(931)
Cash used in				

investing activities	(17,602)	(117,405)	(598,401)	(335,903)
Increase (decrease) in cash and cash equivalents	140,321	41,512	13,309	(32,256)
Cash and cash equivalents, beginning of period	6,388	62,517	133,400	136,285
Cash and cash equivalents, end of period	$ 146,709	$ 104,029	$ 146,709	$ 104,029

(ii) During the three and nine months ended September 30, 2010, non-cash dividends of $2.2 million and $5.5 million, respectively, were paid through the dividend reinvestment program. Shareholders have invested $18.4 million in the dividend reinvestment program since its adoption in May 2008.

SEASPAN CORPORATION

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(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, amortization of deferred charges, non-cash undrawn credit facility fees, write-off of deferred financing fees on debt refinancing, non-cash share-based compensation, amounts paid for dry-docking, non-cash interest income, change in fair value of financial instruments, interest expense(5), cash interest paid at the hedged rate(7), cash dividends paid on preferred shares and certain other items that the Company believes affect the comparability of its operating results. Cash available for distribution to common shareholders is a non-GAAP measure used to assist in evaluating the Company's ability to make quarterly cash dividends before reserves. 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.

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Net earnings (loss)	$ (70,879)	$ (65,962)	$ (229,337)	$ 70,562
Add:				
Depreciation	26,929	18,017	71,302	50,969
Interest expense(5)	8,293	5,104	20,272	15,802
Amortization of deferred charges	808	543	2,296	1,476
Undrawn credit facility fees	1,011	1,156	3,072	3,512
Share-based compensation	706	559	1,980	1,583
Change in fair value of financial instruments	113,388	92,576	336,547	76
Other expenses	-	-	-	1,100
Less:				
Amounts paid for dry-dock	(2,064)	(903)	(4,894)	(2,580)
Interest income	(5)	(21)	(41)	(270)
Series B preferred share dividends paid(6)	(328)	-	(449)	-
Net cash flows before cash interest payments	77,859	51,069	200,748	142,230
Less:				
Cash interest paid at the hedged rate(7)	(25,562)	(11,961)	(58,482)	(28,367)
Cash paid for undrawn credit facility fees	(559)	(498)	(1,801)	(1,696)
Add:				
Cash interest received	5	25	41	270
Cash available for				

distribution to common shareholders	$ 51,743	$ 38,635	$ 140,506	$ 112,437

SEASPAN CORPORATION

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(IN THOUSANDS OF US DOLLARS, EXCEPT PER SHARE AMOUNTS)

Description of Non-GAAP Financial Measures

B. Normalized Net Earnings and Normalized Earnings per Share

Normalized net earnings is defined as net earnings adjusted for items such as the change in fair value of financial instruments, write-off of deferred financing fees on debt refinancing, interest expense(5) and interest expense at the hedged rate(8) and certain other items the Company believes affect the comparability of operating results. With these adjustments, normalized net earnings reflects interest expense on our operating debt at the fixed rate on our interest rate swaps plus the applicable margin on the related credit facilities. Normalized net earnings is useful because it excludes the change in fair value of financial instruments that affects the comparability of the Company's operating results and includes interest at the hedged rate, which includes the effect of the interest rate swaps on our operating debt.

Normalized net earnings 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.

Normalized earnings per share, converted, is calculated as normalized net earnings, less dividends on Series B preferred shares, divided by the "converted" number of shares outstanding for the period. The Series A preferred shares automatically convert to Class A common shares at a price of $15.00 per share at any time on or after January 31, 2014 if the trailing 30-day average trading price of the common shares is equal to or above $15.00. If the share price is less than $15.00, the Company can choose to not convert the preferred shares and to increase the annual increase in the liquidation preference to 15% per annum from 12%. The "converted" number of shares includes: basic weighted average number of shares, share-based compensation, and the impact of the Series A preferred shares converted at $15.00 per share. This method is reflective of the Company's ability to control the conversion if the share price is less than $15.00 and the per share impact of the preferred shares conversion at $15.00.

Normalized earnings per share, basic can be computed as normalized net earnings attributable to common shareholders divided by the weighted average number of shares used to compute reported earnings per share, basic.

Normalized earnings per share, diluted can be computed as the lower of: (1) normalized net earnings less dividends on Series B preferred shares divided by the weighted average number of shares used to compute reported earnings per share, diluted and (2) normalized earnings per share, basic.

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

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Net earnings (loss)	$ (70,879)	$ (65,962)	$ (229,337)	$ 70,562
Adjust:				
Change in fair value of financial instruments	113,388	92,576	336,547	76
Interest expense(5)	8,293	5,104	20,272	15,802
Interest expense at the hedged rate(8)	(24,677)	(11,486)	(59,445)	(28,973)
Normalized net earnings	$ 26,125	$ 20,232	$ 68,037	$ 57,467
Less: preferred share dividends				
Series A	6,879	3,177	19,831	8,200
Series B	593	-	811	-
	7,472	3,177	20,642	8,200
Normalized net earnings attributable to common shareholders	$ 18,653	$ 17,055	$ 47,395	$ 49,267

Weighted average number of shares used to compute earnings (loss) per share:				
Reported, basic	68,270	67,436	68,099	67,238
Share-based compensation	140	-	89	25
Preferred shares liquidation preference converted at $15	15,390	7,002	14,947	6,667
Normalized, converted	83,800	74,438	83,135	73,930
Preferred shares 115% premium (30-day trailing average)	5,476	9,669	6,712	4,581
Reported, diluted (Note 1)	89,276	84,107	89,847	78,511
Earnings (loss) per share:				
Reported, basic	$ (1.15)	$ (1.03)	$ (3.67)	$ 0.93
Reported, diluted	$ (1.15)	$ (1.03)	$ (3.67)	$ 0.90
Normalized, converted-preferred shares converted at $15	$ 0.30	$ 0.27	$ 0.81	$ 0.78

Note 1: If the effect of Series A preferred shares is anti-dilutive, their effect is excluded from the computation of reported diluted earnings (loss) per share.

(1) Normalized net earnings and normalized earnings per share are non-GAAP measures that are adjusted for items such as the change in fair value of financial instruments, write-off of deferred financing fees on debt refinancing, interest expense and interest expense at the hedged rate. Please read "Reconciliation of Non-GAAP Financial Measures for the Three and Nine Months Ended September 30, 2010 - Description of Non-GAAP Financial Measures - B. Normalized Net Earnings and Normalized Earnings per Share" for a description of normalized net earnings and a reconciliation of net earnings to normalized net earnings.

(2) Cash available for distribution to common shareholders is a non-GAAP measure that represents net earnings adjusted for depreciation, amortization of deferred charges, non-cash undrawn credit facility fees, write-off of deferred financing fees on debt refinancing, non-cash share-based compensation, dry-dock adjustment, non-cash interest income, change in fair value of financial instruments, interest expense, cash interest paid at the hedged rate and other items that the Company believes are not representative of its operating performance. Please read "Reconciliation of Non-GAAP Financial Measures for the Three and Nine Months Ended September 30, 2010 - Description of Non-GAAP Financial Measures - A. Cash Available for Distribution to Common Shareholders" for a description of cash available for distribution to common shareholders and a reconciliation of cash available for distribution to net earnings.

(3) Includes charterer deductions that are not related to off-hire.

(4) Extraordinary costs and expenses are defined in our management agreements and do not relate to extraordinary items as defined by financial reporting standards.

(5) Interest expense as reported on the consolidated statement of operations.

(6) Dividends paid in cash on the Series B Preferred Shares have been deducted as they reduce cash available for distribution to common shareholders.

(7) Cash interest paid 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 credit facilities, on a cash basis.

(8) 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 credit facilities, on an accrual basis.

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) concerning future events and our operations, performance and financial condition, including, in particular, the likelihood of our success in developing and expanding our business, and our equity capital requirements. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "projects", "forecasts", "will", "may", "potential", "should", and similar expressions are forward-looking statements. These forward-looking statements reflect management's current views only as of the date of this presentation and are not intended to give any assurance as to future results. As a result, you are cautioned not to rely on any forward-looking statements. Forward-looking statements appear in a number of places in this release. Although these statements are based upon assumptions we believe to be reasonable based upon available information, including operating margins, earnings, cash flow, working capital and capital expenditures, they are subject to risks and uncertainties.

These risks and uncertainties include, but are not limited to: future operating or financial results; our expectations relating to dividend payments and our ability to make such payments; pending acquisitions, business strategy and expected capital spending; operating expenses, availability of crew, number of off-hire days, dry-docking requirements and insurance costs; general market conditions and shipping market trends, including charter rates and factors affecting supply and demand; our financial condition and liquidity, including our ability to borrow funds under our credit facilities and to obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities; estimated future capital expenditures needed to preserve our capital base; our expectations about the availability of ships to purchase, the time that it may take to construct new ships, or the useful lives of our ships; our continued ability to enter into primarily long-term, fixed-rate time charters with our customers; our ability to leverage to our advantage Seaspan Management Services Limited's relationships and reputation in the containership industry; changes in governmental rules and regulations or actions taken by regulatory authorities; the financial condition of our shipyards, charterers, lenders, refund guarantors and other counterparties and their ability to perform their obligations under their agreements with us; changes in worldwide container demand; changes in trading patterns; competitive factors in the markets in which we operate; potential inability to implement our growth strategy; potential for early termination of long-term contracts and our potential inability to renew or replace long-term contracts; ability of our customers to make charter payments; potential liability from future litigation; conditions in the public equity markets; and other factors detailed from time to time in our periodic reports and our filings with the Securities and Exchange Commission. We expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations, or otherwise. We make no prediction or statement about the performance of our common shares.

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