



## SEASPAN REPORTS FINANCIAL RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013

### Generates Stable Results and Increases Managed Fleet to Over 100 Vessels

**HONG KONG, CHINA - Oct. 30, 2013 /CNW/** - Seaspan Corporation ("Seaspan") (NYSE:SSW) announced today its financial results for the three and nine months ended September 30, 2013. Below is a summary of Seaspan's key financial results:

#### Summary of Key Financial Results (in thousands of USD):

		Three Months Ended September 30,	Change		
	2013	2012	\$	%	
Reported net earnings	\$ 48,039	\$ 17,813	\$ 30,226	169.7	%
Normalized net earnings(1)	\$ 34,057	\$ 33,608	\$ 449	1.3	%
Earnings per share, basic and diluted	\$ 0.42	\$ 0.01	\$ 0.41	4100	%
Normalized earnings per share, converted(1) (Series A preferred shares converted at \$15)	\$ 0.28	\$ 0.30	\$ (0.02)	(6.7)	%
Cash available for distribution to common shareholders(2)	\$ 72,389	\$ 69,811	\$ 2,578	3.7	%
Adjusted EBITDA(3)	\$ 131,402	\$ 129,944	\$ 1,458	1.1	%

	Nine Months Ended September 30,	Change			
	2013	2012	\$	%	
Reported net earnings	\$ 230,799	\$ 62,322	\$ 168,477	270.3	%
Normalized net earnings(1)	\$ 87,909	\$ 104,615	\$ (16,706)	(16.0)	%
Earnings per share, basic	\$ 2.66	\$ 0.18	\$ 2.48	1377.8	%
Earnings per share, diluted	\$ 2.30	\$ 0.18	\$ 2.12	1177.8	%

Normalized earnings per share, converted(1) (Series A preferred shares converted at \$15)	\$ 0.66	\$ 0.95	\$ (0.29)	(30.5)	%
Cash available for distribution to common shareholders(2)	\$ 206,440	\$ 211,564	\$ (5,124)	(2.4)	%
Adjusted EBITDA(3)	\$ 381,022	\$ 380,239	\$ 783	0.2	%

Normalized net earnings and normalized earnings per share, converted, are non-GAAP measures that are adjusted for items such as interest expense, change in fair value of financial instruments, interest expense at the hedged rate, organizational development costs, gain on vessels and certain other items that Seaspan believes are not representative of its operating performance.

- (1) Normalized earnings per share, converted, reflects normalized earnings per share on a pro-forma basis on the assumption that Seaspan's outstanding Series A preferred shares are converted at \$15.00 per share. Please read "Reconciliation of Non-GAAP Financial Measures for the Three and Nine Months Ended September 30, 2013 and 2012- Description of Non-GAAP Financial Measures - B. Normalized Net Earnings and Normalized Earnings per Share" for a description of normalized net earnings and normalized earnings per share, converted, and for reconciliations of these measures to net earnings and earnings per share, respectively.

- (2) Cash available for distribution to common shareholders is a non-GAAP measure that represents net earnings adjusted for depreciation and amortization, interest expense, amortization of deferred charges, share-based compensation, change in fair value of financial instruments, bareboat charter adjustment, organizational development costs, amounts paid for dry-docking, cash dividends paid on preferred shares, gain on vessels, interest expense at the hedged rate and certain other items that Seaspan 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, 2013 and 2012 - 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 common shareholders to net earnings.

- (3) Adjusted EBITDA is a non-GAAP measure that represents net earnings before interest expense and other debt-related expenses, income tax expense, interest income, depreciation and amortization, share-based compensation expense, bareboat charter adjustment, organizational development costs, gain on vessels, change in fair value of financial instruments and certain other items that Seaspan 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, 2013 and 2012 - Description of Non-GAAP Financial Measures - C. Adjusted EBITDA" for a description of Adjusted EBITDA and a

reconciliation of Adjusted EBITDA to net earnings.

## Summary of Key Highlights

- Achieved vessel utilization of 98.5% and 97.9% for the three and nine months ended September 30, 2013, respectively, or 99.5% if the impact of off-charter days is excluded.
- Paid quarterly dividends of \$0.59375 and \$0.496875 per Series C (NYSE: SSW PR C) and Series D (NYSE: SSW PR D) preferred share, respectively, representing a total distribution of \$9.9 million. The dividends were paid to all Series C and Series D preferred shareholders of record as of July 29, 2013 for the period from April 30, 2013 to July 29, 2013.
- Paid a quarterly dividend for the second quarter of \$0.3125 per Class A common share on August 21, 2013 to all shareholders of record as of August 12, 2013.
- Accepted delivery of one vessel during the quarter, bringing Seaspan's operating fleet to a total of 71 vessels at September 30, 2013.

Gerry Wang, Chief Executive Officer, Co-Chairman, and Co-Founder of Seaspan, commented, "Seaspan generated stable third quarter results and took important steps to grow the Company's fleet and contracted revenue stream. We continued to use our SAVER design to partner with leading liner companies and provide them with large, fuel efficient containerships. During the third quarter, we entered into transactions for 15 newbuildings that will increase our managed fleet to 104 vessels. We remain in a strong position to execute our disciplined growth strategy, while returning capital to shareholders in the form of dividends."

## Third Quarter Developments

### *Vessel Delivery*

On July 4, 2013, Seaspan accepted delivery of the MOL Efficiency, bringing its operating fleet to 71 vessels. The 4600 TEU vessel is on charter to Mitsui O.S.K. Lines Ltd. ("MOL") under a two-year, fixed-rate time charter.

### *Loan Facility Transactions*

On July 25, 2013, Seaspan entered into a term loan facility with a leading European bank for up to \$83.0 million to fund the construction of one 14000 TEU newbuilding containership, to be chartered to Yang Ming Marine Transport Corporation ("Yang Ming Marine").

### *Newbuilding Contracts*

On July 19, 2013, Seaspan entered into contracts for the construction of five 14000 TEU newbuilding containerships with Hyundai Heavy Industries Co., Ltd. The vessels are scheduled for delivery in 2015 and will be constructed using Seaspan's fuel efficient SAVER design. Seaspan signed long-term, fixed rate time charters for the vessels with Yang Ming Marine. After the initial 10-year charter periods, Yang Ming Marine may extend

the charter for each vessel up to an additional two years. Pursuant to its right of first refusal agreement with Greater China Intermodal Investments, LLC ("GCI"), Seaspan will retain three of the vessels and GCI will acquire the remaining two vessels.

On August 22, 2013, Seaspan entered into contracts for the construction of five 14000 TEU newbuilding containerships with CSBC Corporation Taiwan. The vessels are scheduled for delivery in 2016 and will be constructed using Seaspan's fuel efficient SAVER design. Seaspan signed long-term, fixed rate time charters for the vessels with Yang Ming Marine. After the minimum six-year to maximum 10-year charter periods, Yang Ming Marine may extend the charter for each vessel up to an additional two years. Pursuant to its right of first refusal agreement with GCI, Seaspan will retain two of the vessels and GCI will acquire the remaining three vessels.

On September 28, 2013, Seaspan exercised options for the construction of five 10000 TEU containerships with New Yangzi Shipbuilding Co., Ltd. and Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd. These vessels are scheduled for delivery in 2015 and will be constructed using Seaspan's fuel efficient SAVER design. The vessels remain subject to allocation under Seaspan's right of first refusal agreement with GCI. Seaspan expects to sign long-term time charters for these vessels with one of the liner majors in the near term.

#### *Series C Preferred Shares Repurchase and Repurchase Plan*

In September 2013, Seaspan repurchased 320,000 of its 9.5% Series C preferred shares at \$26.50 per share for a total of approximately \$8.6 million, including expenses.

Seaspan's board of directors also authorized the repurchase of up to \$25.0 million of its 9.5% Series C preferred shares. The share repurchase authorization expires in July 2014 and repurchase activity will depend on factors such as working capital requirements, debt repayment obligations, Series C preferred share price, economic and market conditions.

### **Subsequent Events**

#### *Time Charters*

In October 2013, the Seaspan Hamburg and the Madinah were redelivered to Seaspan. The Seaspan Hamburg will commence a time charter in early November for a minimum term of 22 months up to 30 months with an additional option period of eight to 12 months. Seaspan is currently seeking to charter the Madinah.

#### *Dividends*

On October 11, 2013, Seaspan declared cash dividends of \$0.59375 and \$0.496875 per Series C and Series D preferred share, respectively, for the period from July 30, 2013 to October 29, 2013. The dividends, representing a total distribution of \$9.7 million, will be paid on October 30, 2013 to all Series C and Series D preferred shareholders of record as of October 29, 2013.

On October 29, 2013, Seaspan declared a quarterly dividend of \$0.3125 per Class A common share. The dividend is payable on November 27, 2013 to all shareholders of record as of November 18, 2013.

### **Results for the Three and Nine Months Ended September 30, 2013**

The following table summarizes vessel utilization for the three and nine months ended September 30, 2013:

	First Quarter		Second Quarter		Third Quarter		Year to Date - September 30,		
	2013	2012	2013	2012	2013	2012	2013	2012	
<b>Vessel utilization:</b>									
Ownership days	5,850	5,591	5,933	5,847	6,161	5,980	17,944	17,418	
Less off-hire days:									
Scheduled 5-year survey	-	(44)	(19)	(24)	(29)	(12)	(48)	(80)	
Unscheduled off-hire(1)	(230)	(7)	(40)	(14)	(66)	(56)	(336)	(77)	
<b>Operating days</b>	<b>5,620</b>	<b>5,540</b>	<b>5,874</b>	<b>5,809</b>	<b>6,066</b>	<b>5,912</b>	<b>17,560</b>	<b>17,261</b>	
<b>Vessel utilization</b>	<b>96.1</b>	<b>% 99.1</b>	<b>% 99.0</b>	<b>% 99.4</b>	<b>% 98.5</b>	<b>% 98.9</b>	<b>% 97.9</b>	<b>% 99.1</b>	<b>%</b>

(1)      Unscheduled off-hire includes days related to vessels being off-charter

At the beginning of 2013, Seaspan had 69 vessels in operation and accepted delivery of two vessels during the nine months ended September 30, 2013, bringing its operating fleet to a total of 71 vessels as of September 30, 2013. Revenue is determined primarily by the number of operating days, and ship operating expense is determined primarily by the number of ownership days.

The following table summarizes Seaspan's consolidated financial results for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30, 2013		Increase		Nine Months Ended September 30, 2013		Increase		
	2013	2012	Days	%	2013	2012	Days	%	
Operating days	6,066	5,912	154	2.6	% 17,560	17,261	299	1.7	%
Ownership days	6,161	5,980	181	3.0	% 17,944	17,418	526	3.0	%

## Financial Summary

### Three Months

### Nine Months

(in millions of USD)	Ended September 30,		Change			Ended September 30,		Change		
	2013	2012	\$	%		2013	2012	\$	%	
Revenue	\$ 172.4	\$ 169.9	\$ 2.5	1.4	%	\$ 505.1	\$ 491.0	\$ 14.1	2.9	%
Ship operating expense	36.7	35.7	1.1	3.0	%	111.6	101.7	9.9	9.7	%
Depreciation and amortization expense	43.3	42.5	0.8	1.9	%	128.9	122.7	6.2	5.0	%
General and administrative expense	7.8	5.6	2.2	39.1	%	27.4	18.1	9.3	51.3	%
Operating lease expense	1.1	2.0	(0.9)	(45.6)	%	3.3	2.0	1.3	61.7	%
Interest expense	15.1	18.5	(3.4)	(18.4)	%	45.9	54.7	(8.8)	(16.1)	%
Change in fair value of financial instruments	16.7	45.8	(29.1)	(63.5)	%	(51.8)	132.6	184.4	139.1	%

## Revenue

Revenue increased by 1.4% for the three months ended September 30, 2013 over the same period for 2012. This is due primarily to revenue from two 4600 TEU vessels delivered in 2013 and from the management of third party vessels. These increases were partially offset by lower charter rates for five 4250 TEU vessels which were on short-term charters during the three months ended September 30, 2013, an increase in scheduled off-hire due to 17 more dry-docking days and an increase in unscheduled off-hire.

Revenue increased by 2.9% for the nine months ended September 30, 2013 over the same period for 2012. This increase is due primarily to the impact of a full period's contribution of four 13100 TEU newbuilding vessels delivered in 2012, additional revenue from two 4600 TEU vessels delivered in 2013, revenue from the management of third party vessels, and a decrease in scheduled off-hire. These increases were partially offset by lower charter rates for six 4250 TEU vessels which were on short-term charters during the nine months ended September 30, 2013, one less day in 2013 due to 2012 being a leap year, and an increase in unscheduled off-hire, which included 300 off-charter days for four 4250 TEU vessels.

The increase in operating days and the related financial impact for the three and nine months ended September 30, 2013, relative to the corresponding periods in 2012, is attributable to the following:

**Three Months Ended  
September 30, 2013**

**Nine Months Ended  
September 30, 2013**

	<b>Operating days impact</b>	<b>\$ impact (in millions of USD)</b>	<b>Operating days impact</b>	<b>\$ impact (in millions of USD)</b>
2013 vessel deliveries	181	\$ 3.6	199	\$ 4.0
Full period contribution for 2012 vessel deliveries	-	-	368	20.6
Change in daily charter hire rate and re- charters	-	(2.5)	-	(7.7)
One less day due to the 2012 leap year	-	-	(61)	(1.7)
Scheduled off-hire	(17)	(0.4)	32	1.1
Unscheduled off-hire	(10)	0.7	(259)	(4.5)
Vessel management revenue	-	1.3	-	2.5
Other	-	(0.2)	20	(0.2)
<b>Total</b>	<b>154</b>	<b>\$ 2.5</b>	<b>299</b>	<b>\$ 14.1</b>

Vessel utilization was 98.5% and 97.9% for the three and nine months ended September 30, 2013, respectively, compared to 98.9% and 99.1% for the same periods in 2012.

The decrease in vessel utilization for the nine months ended September 30, 2013, compared to the same period in 2012, was primarily due to a 259 day increase in unscheduled off-hire which was related primarily to more off-charter days for four of Seaspan's 4250 TEU vessels. During the nine months ended September 30, 2013, Seaspan completed five dry-dockings, which resulted in 48 days of scheduled off-hire compared to the completion of six dry-dockings, which resulted in 80 days of scheduled off-hire, during the comparable period in 2012.

Seaspan completed dry-dockings for the following vessels during the three and nine months ended September 30, 2013:

<b>Vessel</b>	<b>Completed</b>
CSCL Montevideo	Q2
CSCL Panama	Q2
CSCL Lima	Q3
CSCL San Jose	Q3
CSCL Santiago	Q3

Seaspan's cumulative vessel utilization from the period commencing on its initial public offering in August 2005 through to September 30, 2013 is approximately 99.0%.

#### Ship Operating Expense

Ship operating expense increased by 3.0% to \$36.7 million and by 9.7% to \$111.6 million

for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The increase for the three months ended September 30, 2013, compared to the same period of 2012 is due primarily to an increase in ownership and managed days of 5.7% related to the delivery of the two 4600 TEU vessels delivered in 2013 as well as an increase in crew wages. The increase in managed days relates to the third party management of one 4600 TEU vessel for MOL prior to delivery to GCI.

The increase in ship operating expense for the nine months ended September 30, 2013, compared to the same period of 2012 is due primarily to an increase in ownership and managed days of 5.0%, related to the addition of four 13100 TEU vessels during the first half of 2012, two 4600 TEU vessels in 2013 and the management of 4600 TEU vessels for MOL. The larger TEU vessels are more expensive to operate and the increased cost of lubes, insurance and other operating costs associated with these vessels further contributed to higher ship operating expenses. There was also an increase in crew wages as well as spare parts expense, primarily due to earlier timing of purchases in 2013 and increased expense due to an expanding and older fleet.

#### Depreciation and Amortization Expense

The increase in depreciation and amortization for the three and nine months ended September 30, 2013, compared to the same periods in 2012, was due to the increase in the size of the fleet. Four vessels were delivered in 2012 and a full period of depreciation was taken for these vessels for the nine months ended September 30, 2013. There were also two vessel deliveries in 2013.

#### General and Administrative Expense

General and administrative expenses increased by 39.1% to \$7.8 million and by 51.3% to \$27.4 million for the three and nine months ended September 30, 2013, respectively, compared to the same periods in 2012. The increases were due primarily to increases of \$1.7 million and \$9.6 million, respectively, in share-based compensation expense related to the non-cash stock appreciation rights ("SARs") granted to Seaspan's Chief Executive Officer in December 2012 and to certain members of management in March 2013. Of the \$9.6 million increase in share-based compensation expense for the nine months ended September 30, 2013, \$2.6 million resulted from an accelerated recognition of share-based compensation expense related to the vesting of the first tranche of SARs. During the nine months ended September 30, 2013, the first tranche of SARs vested because the 20 consecutive trading-day average of Seaspan's common stock exceeded the base price of \$21.50 per share for that tranche. The original vesting period that was being used to recognize the share-based compensation expense was based on a fair value model. Because the first tranche of SARs vested earlier than had been estimated by the fair value model, Seaspan was required to accelerate recognition of \$2.6 million of share-based compensation expense during the nine months ended September 30, 2013, of which a portion would have otherwise been recognized in the fourth quarter of 2013.

#### *Operating Lease Expense*

On June 27, 2012, Seaspan sold the Madinah to a U.S. bank and since that date has been leasing the vessel back over a nine-year term. Prior to June 27, 2012, Seaspan owned the vessel and financed it with a term loan of \$53.0 million, which was repaid using the proceeds from the sale to the bank. During the three and nine months ended September 30, 2013, Seaspan incurred operating lease expenses relating to this arrangement of \$1.1



million and \$3.3 million, respectively. In the comparable nine month period of 2012, in addition to operating lease expense of \$2.0 million, Seaspan incurred interest expense of \$1.1 million on the \$53.0 million loan.

### *Interest Expense*

As at September 30, 2013, Seaspan had total borrowings of \$3.7 billion, which consisted of long-term debt of \$3.1 billion and other long-term liabilities of \$621.7 million. As at September 30, 2013, Seaspan's operating borrowings were \$3.5 billion. Interest expense is comprised primarily of interest incurred on long-term debt and other long-term liabilities relating to operating vessels at the variable rate calculated by reference to LIBOR plus the applicable margin. Interest expense also includes a non-cash reclassification of amounts from accumulated other comprehensive loss related to previously designated hedging relationships. Interest incurred on long-term debt and other long-term liabilities for Seaspan's vessels under construction is capitalized to the cost of the respective vessels under construction.

The decreases in interest expense for the three and nine months ended September 30, 2013 of \$3.4 million and \$8.8 million, respectively, compared to the same periods of 2012 were primarily due to lower operating borrowings as well as a reduction in average LIBOR. The remaining decreases were due to a lower reclassification of accumulated other comprehensive loss into earnings, an increase in interest capitalized and repayment of the term loan of \$53.0 million in 2012 using the proceeds from the sale of the Madinah. The average LIBOR charged on Seaspan's long-term debt for the three months and nine months ended September 30, 2013 was 0.2% compared to 0.4% and 0.5% for the comparable periods in 2012. Although Seaspan has entered into fixed interest rate swaps for much of its variable rate debt, the difference between the variable interest rate and the swapped fixed-rate on operating debt is recorded in Seaspan's change in fair value of financial instruments.

### *Change in Fair Value of Financial Instruments*

The change in fair value of financial instruments resulted in a loss of \$16.7 million for the three months ended September 30, 2013, compared to a loss of \$45.8 million for the comparable period in 2012. The change in fair value of financial instruments resulted in a gain of \$51.8 million for the nine months ended September 30, 2013, compared to a loss of \$132.6 million for the same period in 2012. The changes for the three and nine months ended September 30, 2013, compared to the same periods in 2012 were primarily due to the effect of the passage of time and less discounting of expected future settlements.

The fair value of interest rate swap and swaption agreements is subject to change based on the company-specific credit risk of Seaspan and of the counterparty included in the discount factor and the interest rate implied by the current swap curve, including its relative steepness. In determining the fair value, these factors are based on current information available to Seaspan. These factors are expected to change through the life of the instruments, causing the fair value to fluctuate significantly due to the large notional amounts and long-term nature of Seaspan's derivative instruments. As these factors may change, the fair value of the instruments is an estimate and may deviate significantly from the actual cash settlements realized over the term of the instruments. Seaspan's valuation techniques have not changed and remain consistent with those followed by other valuation practitioners.

## 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 104 containerships representing a total capacity of over 790,000 TEU, including 31 newbuilding containerships on order scheduled for delivery to Seaspan and third parties by the end of 2016. Seaspan's current operating fleet of 71 vessels has an average age of approximately seven years and remaining lease period (excluding the effect of charterers' options to extend certain time charters) of approximately six years.

Seaspan's common shares, Series C preferred shares and Series D preferred shares are listed on The New York Stock Exchange under the symbols "SSW", "SSW PR C" and "SSW PR D", respectively.

## 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, 2013 on October 31, 2013 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 1-855-859-2056 or 1-404-537-3406 and enter the replay passcode: 91790554. The recording will be available from October 31, 2013 at 10:00 a.m. PT / 1:00 p.m. ET through 8:59 p.m. PT / 11:59 p.m. ET on November 14, 2013. 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.com](http://www.seaspancorp.com) and click on "News & Events" and 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, 2013 (IN THOUSANDS OF US DOLLARS)

	September 30, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 168,249	\$ 381,378
Short-term investments	81,763	36,100
Accounts receivable	90,874	9,573
Prepaid expenses	26,236	20,902
Gross investment in lease	20,891	15,977
	388,013	463,930
Vessels	4,711,046	4,785,968
Vessels under construction	246,892	77,305

Deferred charges	54,650	43,816
Gross investment in lease	63,987	79,821
Goodwill	75,321	75,321
Other assets	88,994	83,661
Fair value of financial instruments	54,939	41,031
	\$ 5,683,842	\$ 5,650,853

#### Liabilities and Shareholders' Equity

##### Current liabilities:

Accounts payable and accrued liabilities	\$ 47,615	\$ 49,997
Current portion of deferred revenue	24,498	25,111
Current portion of long-term debt	209,221	66,656
Current portion of other long-term liabilities	38,925	38,542
	320,259	180,306
Deferred revenue	4,983	7,903
Long-term debt	2,901,279	3,024,288
Other long-term liabilities	582,765	613,049
Fair value of financial instruments	473,670	606,740
	4,282,956	4,432,286
Share capital	818	804
Treasury shares	(373)	(312)
Additional paid in capital	1,892,050	1,859,068
Deficit	(449,598)	(594,153)
Accumulated other comprehensive loss	(42,011)	(46,840)
Total shareholders' equity	1,400,886	1,218,567
	\$ 5,683,842	\$ 5,650,853

#### SEASpan CORPORATION

#### UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 (IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

**Three Months Ended  
September 30,  
2013                      2012**

**Nine Months Ended  
September 30,  
2013                      2012**

Revenue	\$ 172,392	\$ 169,942	\$ 505,102	\$ 491,011
Operating expenses:				
Ship operating	36,717	35,650	111,607	101,715
Depreciation and amortization	43,336	42,527	128,929	122,742
General and administrative	7,813	5,618	27,437	18,139
Operating lease	1,107	2,035	3,290	2,035
Gain on vessel	—	—	—	(9,773)
	88,973	85,830	271,263	234,858
Operating earnings	83,419	84,112	233,839	256,153
Other expenses (income):				
Interest expense	15,114	18,531	45,873	54,663
Interest income	(459)	(299)	(1,246)	(928)
Undrawn credit facility fees	653	145	1,798	1,348
Amortization of deferred charges	2,854	1,877	7,230	5,643
Change in fair value of financial instruments	16,736	45,847	(51,791)	132,607
Equity loss on investment	48	83	117	217
Other expenses	434	115	1,059	281
	35,380	66,299	3,040	193,831
<b>Net earnings</b>	<b>\$ 48,039</b>	<b>\$ 17,813</b>	<b>\$ 230,799</b>	<b>\$ 62,322</b>
Deficit, beginning of period	(466,783)	(622,454)	(594,153)	(622,406)
Dividends - common shares	(20,137)	(15,730)	(55,923)	(43,185)
Dividends - preferred shares	(9,851)	(8,313)	(28,827)	(24,938)
Preferred shares repurchase	(628)	—	(628)	—
Amortization of Series C issuance costs	(238)	(205)	(866)	(682)
Deficit, end of period	\$ (449,598)	\$ (628,889)	\$ (499,598)	\$ (628,889)
Weighted average				

number of shares, basic	65,310	62,664	64,528	62,989
Weighted average number of shares, diluted	65,850	64,201	86,837	64,377
Earnings per share, basic	\$ 0.42	\$ 0.01	\$ 2.66	\$ 0.18
Earnings per share, diluted	\$ 0.42	\$ 0.01	\$ 2.30	\$ 0.18

## **SEASpan CORPORATION**

### **UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 (IN THOUSANDS OF US DOLLARS)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Net earnings</b>	<b>\$ 48,039</b>	<b>\$ 17,813</b>	<b>\$ 230,799</b>	<b>\$ 62,322</b>
Other comprehensive income:				
Amounts reclassified to earnings during the period, relating to cash flow hedging instruments	1,424	2,086	4,829	7,206
<b>Comprehensive income</b>	<b>\$ 49,463</b>	<b>\$ 19,899</b>	<b>\$ 235,628</b>	<b>\$ 69,528</b>

## **SEASpan CORPORATION**

### **UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 (IN THOUSANDS OF US DOLLARS)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Cash from (used in):				
Operating activities:				
Net earnings	\$ 48,039	\$ 17,813	\$ 230,799	\$ 62,322

Items not involving cash:				
Depreciation and amortization	43,336	42,527	128,929	122,742
Share-based compensation	2,581	901	12,022	3,430
Amortization of deferred charges	2,854	1,877	7,230	5,643
Amounts reclassified from other comprehensive loss to interest expense	1,205	1,859	4,168	6,595
Unrealized change in fair value of financial instruments	(15,121)	14,581	(146,978)	40,152
Equity loss on investment	48	83	117	217
Gain on vessel	—	—	—	(9,773)
Changes in assets and liabilities	6,933	2,373	(10,568)	(7,360)
Cash from operating activities	89,875	82,014	225,719	223,968
Financing activities:				
Draws on credit facilities	30,000	—	39,000	113,672
Repayment of credit facilities	(21,158)	(27,394)	(54,384)	(38,380)
Repayment of other long-term liabilities	(10,041)	(10,618)	(29,901)	(43,602)
Shares repurchased, including related expenses	(8,560)	(1,403)	(8,560)	(172,341)
Financing fees	(1,963)	(3,797)	(16,743)	(3,615)
Dividends on common shares	(11,489)	(14,793)	(31,927)	(36,972)
Dividends on preferred shares	(9,851)	(8,313)	(28,827)	(24,938)
Swaption premium payment	—	(10,000)	—	(10,000)
Cash used in financing activities	(33,062)	(76,318)	(131,342)	(216,176)
Investing activities:				
Expenditures for vessels	(63,102)	(45,864)	(178,896)	(210,139)
Short-term investments	(67)	(25,049)	(45,663)	(35,123)

Cash acquired on acquisition of Manager	—	—	—	23,911
Other assets	170	(94)	193	436
Restricted cash	14	(1,600)	(1,886)	(5,500)
Accounts receivable from affiliate	(76,810)	—	(76,810)	—
Investment in affiliate	(3,333)	—	(4,444)	—
Cash used in investing activities	(143,128)	(72,607)	(307,506)	(226,415)
Decrease in cash and cash equivalents	(86,315)	(66,911)	(213,129)	(218,623)
Cash and cash equivalents, beginning of period	254,564	329,411	381,378	481,123
Cash and cash equivalents, end of period	\$ 168,249	\$ 262,500	\$ 168,249	\$ 262,500

**SEASPAN CORPORATION**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012**  
**(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, amortization of deferred charges, share-based compensation, change in fair value of financial instruments, bareboat charter adjustment, organizational development costs, amounts paid for dry-docking, cash dividends paid on preferred shares, gain on vessels, interest expense at the hedged rate and certain other items that Seaspan believes are not representative of its operating performance.

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

**Three Months Ended**  
**September 30,**  
**2013                      2012**

**Nine Months Ended**  
**September 30,**  
**2013                      2012**

Net earnings	\$ 48,039	\$ 17,813	\$ 230,799	\$ 62,322
Add:				
Depreciation and amortization	43,336	42,527	128,929	122,742
Interest expense	15,114	18,531	45,873	54,663
Amortization of deferred charges	2,854	1,877	7,230	5,643
Share-based compensation	2,581	901	12,022	3,430
Change in fair value of financial instruments	16,736	45,847	(51,791)	132,607
Bareboat charter adjustment, net (1)	2,548	2,405	7,408	7,026
Organizational development costs(2)	—	197	—	1,159
Less:				
Amounts paid for dry-docking	(3,136)	(3,194)	(8,231)	(6,954)
Series C preferred share dividends paid and accumulated(3)	(8,313)	(8,313)	(24,938)	(24,938)
Series D preferred share dividends paid and accumulated(3)	(1,538)	—	(3,889)	—
Gain on vessel(4)	—	—	—	(9,773)
Net cash flows before interest payments	118,221	118,591	343,412	347,927
Less:				
Interest expense at the hedged rate(5)	(45,832)	(48,780)	(136,972)	(136,363)
<b>Cash available for distribution to common shareholders</b>	<b>\$ 72,389</b>	<b>\$ 69,811</b>	<b>\$ 206,440</b>	<b>\$ 211,564</b>

**SEASPAN CORPORATION**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012**  
**(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)**

**B. Normalized Net Earnings and Normalized Earnings per Share**

Normalized net earnings is defined as net earnings adjusted for items such as interest expense, change in fair value of financial instruments, interest expense at the hedged rate, organizational development costs, gain on vessels and certain other items Seaspans



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 earnings per share, converted, is calculated as normalized net earnings, less dividends on Series C (excluding the retained earnings impact of any repurchases) and Series D 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, Seaspan 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, contingent consideration, shares held in escrow and the impact of the Series A preferred shares converted at \$15.00 per share. This method reflects Seaspan'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 net earnings and normalized earnings per share, converted, 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.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net earnings	\$ 48,039	\$ 17,813	\$ 230,799	\$ 62,322
Adjust:				
Interest expense	15,114	18,531	45,873	54,663
Change in fair value of financial instruments	16,736	45,847	(51,791)	132,607
Interest expense at the hedged rate(5)	(45,832)	(48,780)	(136,972)	(136,363)
Organizational development costs (2)	—	197	—	1,159
Gain on vessel(4)	—	—	—	(9,773)
<b>Normalized net earnings</b>	<b>\$ 34,057</b>	<b>\$ 33,608</b>	<b>\$ 87,909</b>	<b>\$ 104,615</b>
<b>Less: preferred share dividends</b>				
Series A	9,810	8,717	28,283	25,216
Series C (including amortization of issuance costs)	8,360	8,518	25,611	25,620
Series D	1,543	—	4,631	—
	<b>19,713</b>	<b>17,235</b>	<b>58,525</b>	<b>50,836</b>
<b>Normalized net earnings attributable</b>				

<b>to common shareholders</b>	<b>\$ 14,344</b>	<b>\$ 16,373</b>	<b>\$ 29,384</b>	<b>\$ 53,779</b>
<b>Weighted average number of shares used to compute earnings per share</b>				
<b>Reported, basic and normalized</b>	<b>65,310</b>	<b>62,664</b>	<b>64,528</b>	<b>62,989</b>
Share-based compensation	266	248	343	219
Contingent consideration	274	703	586	638
Shares held in escrow	—	586	63	531
Series A preferred shares liquidation preference converted at \$15	21,950	19,502	21,317	18,939
<b>Reported, diluted(6)</b>	<b>87,800</b>	<b>83,703</b>	<b>86,837</b>	<b>83,316</b>
Series A preferred shares 115% premium (30-day trailing average)	—	—	—	—
<b>Normalized, converted</b>	<b>87,800</b>	<b>83,703</b>	<b>86,837</b>	<b>83,316</b>
<b>Earnings per share, reported:</b>				
<b>Basic</b>	<b>\$ 0.42</b>	<b>\$ 0.01</b>	<b>\$ 2.66</b>	<b>\$ 0.18</b>
<b>Diluted</b>	<b>\$ 0.42</b>	<b>\$ 0.01</b>	<b>\$ 2.30</b>	<b>\$ 0.18</b>
<b>Normalized, converted - preferred shares converted at \$15(7)</b>	<b>\$ 0.28</b>	<b>\$ 0.30</b>	<b>\$ 0.66</b>	<b>\$ 0.95</b>

## **SEASPAN CORPORATION**

### **RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012  
(IN THOUSANDS OF US DOLLARS, EXCEPT PER SHARE AMOUNTS)**

#### **C. Adjusted EBITDA**

Adjusted EBITDA is defined as net earnings before interest expense and other debt-related expenses, income tax expense, interest income, depreciation and amortization, share-based compensation expense, bareboat charter adjustment, organizational development costs, gain on vessels, change in fair value of financial instruments and certain other items that Seaspan believes are not representative of its operating performance.

In the third quarter of 2013, the definition of adjusted EBITDA was revised to exclude share-based compensation expense and accordingly, the comparative figures for the prior periods have been adjusted to reflect this change. The impact of this change resulted in an increase in adjusted EBITDA for the three and nine months ended September 30, 2012 of approximately 2.0% and 3.3%, respectively.

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. 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.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net earnings	\$ 48,039	\$ 17,813	\$ 230,799	\$ 62,322
Add:				
Interest expense	15,114	18,531	45,873	54,663
Interest income	(459)	(299)	(1,246)	(928)
Undrawn credit facility fees	653	145	1,798	1,348
Depreciation and amortization	43,336	42,527	128,929	122,742
Share-based compensation	2,581	901	12,022	3,430
Amortization of deferred charges	2,854	1,877	7,230	5,643
Bareboat charter adjustment, net (1)	2,548	2,405	7,408	7,026
Organizational development costs (2)	—	197	—	1,159
Gain on vessel(4)	—	—	—	(9,773)
Change in fair value of financial instruments	16,736	45,847	(51,791)	132,607
<b>Adjusted EBITDA</b>	<b>\$ 131,402</b>	<b>\$ 129,944</b>	<b>\$ 381,022</b>	<b>\$ 380,239</b>

- (1) In the second half of 2011, Seaspan entered into agreements to bareboat charter four 4800 TEU vessels to 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 is being amortized to income through revenue. The bareboat charter adjustment 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.

- (2) Organizational development costs include professional fees and integration costs related to the acquisition of the Manager.
- (3) Dividends related to the Series C and Series D preferred shares have been deducted as they reduce cash available for distribution to common shareholders.
- (4) Gains or losses on disposal of vessels are excluded from the calculation. The gain on vessel resulted from the sale of the Madinah to a U.S. bank on June 27, 2012.
- (5) 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 and variable rate leases, on an accrual basis. Interest expense on fixed-rate leases is calculated on the effective interest rate.
- (6) If the effect of Series A preferred shares is anti-dilutive, their effect is excluded from the computation of reported diluted earnings per share.
- (7) Normalized earnings per share, converted, decreased for the three and nine months ended September 30, 2013 as detailed in the table below:

	<b>Three Months Ended September 30,</b>	<b>Nine Months Ended September 30,</b>
<b>Normalized earnings per share, converted-preferred shares converted at \$15, September 30, 2012</b>	<b>\$ 0.30</b>	<b>\$ 0.95</b>
Excluding share count changes:		
Increase (decrease) in normalized net earnings <sup>(8)</sup>	0.01	(0.20)
Decrease from impact of Series C and D preferred shares	(0.01)	(0.06)
Share count changes:		
Increase in converted share count (from 83,703 to 87,800 and from 83,316 to 86,837 for the three and nine months	(0.02)	(0.03)

ended, respectively)

<b>Normalized earnings per share, converted-preferred shares converted at \$15, September 30, 2013</b>	<b>\$ 0.28</b>	<b>\$ 0.66</b>
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(8) The changes in normalized net earnings are primarily due to the increases in ship operating expenses of \$1.1 million and \$9.9 million and general and administrative expenses of \$2.2 million and \$9.3 million for the three and nine months ended September 30, 2013, respectively. Please read "Results for the Three and Nine Months Ended September 30, 2013" for a description of the increases in ship operating expenses and general and administrative expenses.

#### 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; expansion of Seaspan's business; future time charters, including the obtaining of charters for the vessels recently ordered by Seaspan; future dividends; the effects of grants of stock appreciation rights on Seaspan's general and administrative expenses; vessel deliveries; vessel financing arrangements; the Series C preferred shares repurchase plan; and Seaspan's capital requirements. 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 opportunities; the availability and cost to Seaspan of financing to pursue growth opportunities; the number of additional vessels managed by the Manager in the future; the amounts of any payments to the former owners of Seaspan's Manager related to fleet growth; the timing of recognition of compensation expenses related to stock appreciation rights; general market conditions and shipping market trends, including chartering rates; conditions in the containership market; increased operating expenses; the number of off-hire days; dry-docking requirements; availability of crew; insurance costs; Seaspan's ability to borrow funds under its credit facilities and to obtain additional financing in the future; Seaspan's future cash flows and its ability to make dividend and other payments; the time that it may take to construct new ships; Seaspan's continued ability to enter into primarily long-term, fixed-rate time charters with customers, including charters for the five 10000 TEU vessels recently ordered by Seaspan; allocation of vessels under Seaspan's right of first refusal agreement with GCI; Seaspan's ability to leverage to its advantage its relationships and reputation in the containership industry; changes in governmental rules and regulations or actions taken by regulatory authorities; the financial condition of shipyards, charterers, lenders, refund guarantors and other counterparties and their ability to perform their obligations under their agreements with Seaspan; taxation of Seaspan and of distributions to its

shareholders; potential liability from future litigation; the potential for early termination of long-term contracts and Seaspan's potential inability to renew or replace long-term contracts; working capital needs; repayment of Seaspan's debt; conditions in the public equity markets and the price of Seaspan's shares; and other factors detailed from time to time in Seaspan's periodic reports and filings with the Securities and Exchange Commission, including Seaspan's Report on Form 20-F for the year ended December 31, 2012. 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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